

ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	AUDIT COMMITTEE – EXTRAORDINARY MEETING
DATE:	09 FEBRUARY 2015
TITLE OF REPORT:	CONSULTATION ON THE PROPOSED REVISION OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE
PURPOSE OF REPORT:	FOR INFORMATION AND COMMENT
REPORT BY:	AUDIT MANAGER
ACTION:	NONE

1. INTRODUCTION

- 1.1 There have been some changes to the regulatory framework relating to Audit Committees in the last few years (PSIAS – 2013 – LG Measure 2011 – Audit and Accounts Regulations – 2010 – and revised 2015) and in the guidance provided to local authorities in terms of the role and responsibilities of their Audit Committees (CIPFA Position Statement on Audit Committees - 2013).
- 1.2 What is clear from the collation of relevant regulation and guidance is that there has developed a greater role for the Audit Committee in all aspects of assurance and not concentrating mostly on financial arrangements and controls. The CIPFA Guidance states as its first core function that an Audit Committee should:
- Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives.*
- 1.3 At its meeting held on 10th December 2014 this Audit Committee agreed to recommend to the Council a change of name for the Committee to the Audit and Governance Committee to make more transparent the enhanced role of the Committee in terms of overall governance and assurance
- 1.4 To emphasise the development further the terms of reference of the Committee are being reviewed and updated and a draft proposed set of terms has been produced and was forwarded to members prior to their Workshop held on 19 January 2015 and are attached as Appendix A of this document for forwarding to members in advance of their extraordinary meeting of 09 February 2015.
- 1.5 The Committee is asked to consider the draft terms of reference and to make any comments they may have to the Monitoring Officer prior to the revised terms being recommended by the Executive on 20 April 2015 for adoption by the Council at its meeting to be held on 14 May 2015.

Isle of Anglesey County Council

Audit & Governance Committee –PROPOSED DRAFT Terms of Reference

Purpose

The Audit and Governance Committee is a key component of the authority's governance framework providing independent and high level resource to support good governance and strong public financial management.

The Committee provides to those charged with governance independent assurance on the adequacy of the governance and risk management frameworks, the internal control environment, and the integrity of the financial reporting. By overseeing internal and external audit and other regulators it makes an important contribution to ensuring that effective assurance arrangements are in place.

The terms of reference of the Audit and Governance Committee are set out below.

Corporate Governance

Review the Councils arrangements for corporate governance and agree actions to ensure compliance with best practice.

Monitor the Councils' compliance with its own and other published standards and controls including compliance with statutory requirements including Health and Safety.

Ensure that the authority has a sound system of internal control which facilitates the effective exercise of functions and which includes arrangements for the management of risk and adequate and effective financial management.

Monitor the effectiveness of the control environment, including arrangements for ensuring value for money.

Review the effectiveness of internal control at least once a year and oversee the production and recommend the adoption of the Annual Governance Statement at the time the draft annual accounts are signed and dated by the relevant financial officer at the latest.

Provide an annual report to the Council on the Committee's performance and effectiveness.

Keep under review the governance arrangements relating to significant partnerships to which the Council is a party and the effectiveness of the Council's arrangements for dealing with partnership working.

Risk Management

Keep under review the Risk Management Strategy for the Council.

Review the development, operation and embedding of risk management within the Council including making reports and recommendations to the Council on the adequacy of those arrangements.

Review the Corporate Risk Register and, where appropriate, request a response from management on actions to manage risks.

Review the risk profile of the organisation and assurances that action is being taken on risk related issues, including those relating to significant partnerships.

Financial Accounts

Review and scrutinise the authority's statement of accounts prior to its adoption by the full Council ensuring that proper accounting policies have been followed and that all concerns arising from the

financial statement or the audit are brought to the attention of the Council through appropriate reports and recommendations.

Scrutinise the Council's Treasury Management Strategy and the Annual Report on Treasury Activities prior to approval by the Council.

Receive six monthly reports on Treasury Management in order to monitor developments and trends.

Review the Council's risk exposure and its ability to manage risk in relation to its Treasury Management activities.

Internal and External Audit

Approve the Internal Audit Charter and ensure that the Charter provides the required level of organisational independence and authority for Internal Audit to carry out their work effectively.

Approve decisions regarding the appointment and removal of the chief audit executive and the remuneration of the chief audit executive.

Consider the audit planning strategies of the internal and external auditors including the external audit fee.

Approve the risk based Internal Audit plan and ensure that adequate Internal Audit budget and resources are available to complete.

Consider the annual reports and opinions of the internal and external auditors including consideration of the external auditor's Annual Letter.

Consider individual Internal Audit and external regulator reports including from the Wales Audit Office.

Review progress in delivering the Internal Audit Operational Plan and Internal Audit Strategy through the receipt and consideration of quarterly progress reports from the chief audit executive.

Consider management's response to issues raised by the internal auditor and external regulators and where appropriate request a response from management.

Review the performance of the internal and external auditors on an annual basis.

The external and internal auditors of the Council shall have the right to request the Chair of the Audit and Governance Committee to consider any matter which the auditors believe should be brought to the attention of the Council.

Countering Fraud and Corruption

Review Council policies and procedural arrangements for officers and members to raise concerns in confidence about possible wrongdoing in financial reporting and other matters, including appropriate follow up action.

Review the Council's policy and procedures for preventing, detecting, investigating and prosecuting fraud and corruption.

Review the Council's systems and controls for the prevention of bribery and receive reports on non-compliance.

Receive an annual report on all suspected irregularities including any instances of fraud and corruption, from the Corporate Fraud Officer.

Advisory Resources

The Committee shall be advised by the designated Section 151 Officer as the officer with responsibility for financial administration, and by both the external and internal auditors. They may additionally, within an approved budget, seek independent advice from outside the authority.

Frequency

Minimum 4 meetings per year.

The committee must meet if the authority as a whole resolves that it should or if at least one-third of the members of the committee requisition a meeting in writing to the Chairman of the committee.

Membership

Eight members of the Council, to be politically balanced, plus a maximum of two lay co-opted members to be appointed by the Committee.

Members of the Executive will not be eligible to be members of this Committee. The Portfolio Holder for Finance is required, as far as is possible, to attend each Audit and Governance Committee meeting.

The co-opted members, not being members of the Council, to be recruited for skills appropriate to the Audit and Governance Committee's work, and who shall be appointed by the Councillor members of the Audit and Governance Committee for a fixed term to be determined by them when the appointment is made.

All members of the committee shall have a vote.

The Audit and Governance Committee will appoint its Chairperson who will not be a member of any of the groups represented on the Executive except when all groups are represented on the Executive (and could be a co-opted member).

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