

BRIDGEND COUNTY BOROUGH COUNCIL

AUDIT COMMITTEE

10 NOVEMBER 2011

REPORT OF THE SECTION 151 OFFICER

THE ROLE OF AUDIT COMMITTEE IN TREASURY MANAGEMENT

1. Purpose of the Report

- 1.1 The purpose of this report is to set out how the Audit Committee will discharge its responsibility for “ensuring effective scrutiny of the treasury management strategy and policies in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators” (Audit Committee’s Terms of Reference).

2. Connection to Corporate Improvement Objectives and Other Corporate Priorities

- 2.1 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council make best use of financial resources and hence assist achievement of corporate priorities.

3. Background

- 3.1 Treasury Management in local government is governed by the 2009 revision of the CIPFA Code of Practice on Treasury Management in the Public Services (the Code). This Authority has adopted the Code and agreed to fully comply with its requirements.
- 3.2 One of the requirements in the revised Code is that local authorities nominate a body to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. This Authority has deemed this to be the Audit Committee.

4. Current Situation / Proposal

- 4.1 In order for Audit Committee to discharge the function of scrutinising treasury management activities, it is proposed that a sub-committee comprising of three members of Audit Committee be established with the Cabinet Member Resources invited to attend meetings of the sub-committee as a non voting invitee. To assist the Sub Committee discharge this role effectively, it is necessary that the Members are

provided with appropriate training. This is expected to be delivered early in the New Year from Sterling Consultancy Services, the Authority's Treasury Management advisors. This will enable Members to interpret and scrutinise treasury management reports. It will receive the Annual Report and Half Yearly Monitoring Report before they are presented to Council. This will give the sub-committee an opportunity to ask officers questions on the Reports.

- 4.2 If the Sub Committee form a view that any activities could be done differently in the future following their scrutiny of the Reports, they will inform the Section 151 Officer who will consider the sub-committee's recommendations and take appropriate action. If the sub-committee believes that any action taken was 'ultra vires' in nature, they must refer this to the Monitoring Officer.
- 4.3 When the Annual Report and Half Yearly Monitoring Report are presented to Council, they will state that they have been examined by the sub-committee of Audit Committee and will include a view as to whether the activity undertaken in the period has been in compliance with policy or not.
- 4.4 The establishment of this sub-committee will further strengthen the Authority's existing Treasury Management arrangements that are already in place that ensure corporate governance.

5. Effect upon Policy Framework & Procedural Rules

- 5.1 The Financial Procedure Rules were amended and approved by Council on the 19 October 2011 to reflect the role of Audit Committee in scrutinising Treasury Management.

6. Equality Impact Assessment

- 6.1 There are no implications in relation to age; disability; gender and transgender; race; religion or belief and non-belief; sexual orientation in this report.

7. Financial Implications

- 7.1 These are no financial implications as a result of this report.

8. Recommendations

- 8.1 It is recommended that:-
 - A Sub-committee is established comprising of three members from Audit Committee and that an invitation be extended to the Cabinet Member Resource to attend sub-committee meetings as a non voting invitee, to scrutinise the treasury management activities of the Authority on behalf of the Audit Committee.

- The Committee appoint 3 of its Members to form the sub Committee.

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Background Documents:

Treasury Policy Statement 2011/12
Cipfa's 'Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes'