

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

16 APRIL 2015

REPORT OF THE CORPORATE DIRECTOR – RESOURCES

AUDIT COMMITTEE TERMS OF REFERENCE

1. Purpose of Report.

1.1 To present to Members amendments to the Audit Committee's Terms of Reference, for information.

2. Connection to Corporate Improvement Objectives / Other Corporate Priorities.

2.1. Internal Audit's work impacts on all of the Corporate Improvement Objectives /other Corporate Priorities.

3. Background

3.1. Effective audit committees bring many benefits to an organisation and to ensure that the Council continues to provide an effective Audit Committee, the Audit Committee's Terms of Reference are considered and approved as appropriate by members on an annual basis. The current Terms of Reference reflect guidance from the Charter Institute of Public finance and Accountancy (CIPFA) entitled: "Audit Committees, Practical Guidance for Local Authorities and Police 2013 edition.

3.2. Part of the responsibilities of this Committee is to review annually its Terms of Reference to ensure they are current and up to date and make recommendations for any significant changes to Full Council for consideration.

3.3. CIPFA defines the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting and annual governance processes. In this way they are an important source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance.

3.4. The Audit Committee satisfies the wider requirement for sound financial management set out in the Accounts and Audit (Wales) regulations 2014, "for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which include the arrangements for the management of risk". In addition, section 151 of the Local Government Act 1972 requires the authority to, "make arrangements for the proper administration of its financial affairs". To be truly effective, the Section 151 Officer in discharging sound financial management requires an effective audit committee as well as an adequate and effective internal audit. Both elements are enshrined in the Public

Sector Internal Audit Standards and the supporting Local government Application Note.

3.5. Effective audit committees bring many benefits to the Council. They can:

- Increase public confidence in the objectivity and fairness of financial and other reporting.
- Reduce the risk of illegal or improper acts;
- Reinforce the importance and independence of internal audit and external audit and any other review processes that report to the Committee.
- Provide a sharper focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of financial reporting.
- Assist the co-ordination of sources of assurance and, in so doing make management more accountable.
- Provide additional assurance through a process of independent and objective review,
- Raise awareness of the need for internal control and the implementation of audit recommendations.

4. Current situation / proposal

4.1 Part of the responsibility of this Committee is to review annually the Terms of Reference to ensure they are current and up to date and makes recommendations for any significant changes to full Council for consideration.

4.2 Attached at Appendix A is the proposed amended Terms of Reference for consideration and subsequent referral to full Council for approval. There is only one suggested amendment and this is highlighted via tracked changes. The amended Terms of Reference will be presented to Council at a future meeting, for approval, following which the Constitution will be amended accordingly.

5. Effect upon Policy Framework& Procedure Rules.

5.1. The Council's Constitution will require amendment to reflect the updated Terms of Reference.

6. Equality Impact Assessment.

6.1. There are no equality implications.

7. Financial Implications.

7.1. None

8. Recommendation.

It is recommended that the Committee:

8.1 Note the amended Terms of Reference attached as Appendix A;

8.2 Note that the amended Terms of Reference will be presented to Council for approval.

Ness Young
Corporate Director – Resources
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Contact Officer: Helen Smith – Chief Internal Auditor

Telephone: (01656) 754901

E-mail: internalaudit@bridgend.gov.uk

Postal Address

Bridgend County Borough Council
Internal Audit
Innovation Centre
Bridgend Science Park
Bridgend CF31 3NA

Background Documents

None