

**MONMOUTHSHIRE COUNTY COUNCIL
REPORT**

SUBJECT:	APPOINTMENT OF AUDIT COMMITTEE
DIRECTORATE:	Chief Executives
MEETING:	County Council
DATE:	12th May 2016
DIVISION/WARDS AFFECTED:	All

1. PURPOSE:

To appoint an Audit Committee, together with terms of reference and membership.

2. RECOMMENDATIONS:

- 2.1** That the Audit Committee be appointed, with the terms of reference attached as appendix A.
- 2.2** That the membership of the Committee comprise 11 members of the Council, to be appointed in accordance with political balance, plus one lay member.
- 2.3** That it be noted that the Chair of the Audit Committee will be appointed by the Committee.

3. ROLE OF THE AUDIT COMMITTEE/TERMS OF REFERENCE:

- 3.1** The Local Government (Wales) Measure sets out the following statutory roles for the Committee:

*“(a) to review and scrutinise the authority's financial affairs,
(b) to make reports and recommendations in relation to the authority's financial affairs,
(c) to review and assess the risk management, internal control and corporate governance arrangements of the authority,
(d) to make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
(e) to oversee the authority's internal and external audit arrangements, and
(f) to review the financial statements prepared by the authority.”*

- 3.3** A local authority may confer on its audit committee *“such other functions as the authority considers suitable to be exercised by such a committee.”*
- 3.4** Terms of reference for the Audit Committee, taking account of the Measure, are attached as appendix A.

4 MEMBERSHIP OF THE AUDIT COMMITTEE

- 4.1** The Measure provides that the regulations relating to political balance do not apply to the Committee; however the guidance issued by the Welsh Government states that

“it is strongly recommended that the balance of members of the Committee is as least as favourable to non-executive groups as would be achieved by political balance rules. It will help the authority if the Audit Committee has the appearance of independence from the leadership.”

4.2 The forthcoming Local Government (Democracy) (Wales) Bill will require membership of the Committee to be politically balanced.

4.3 It is recommended that the Council applies the political balance rules to the Committee.

4.4 The Measure provides that:

“(a) at least two-thirds of the members of its audit committee are members of the authority;

(b) at least one member of its audit committee is a lay member;

(c) no more than one of the members of its audit committee is a member of the authority's executive;

(d) the senior member of its executive is not a member of its audit committee.”

5. CHAIR OF THE AUDIT COMMITTEE

5.1 The Measure provides that *“the Audit Committee is to appoint the person who is to chair the committee (who may be a member of the authority or a lay member but who must not be a member of an executive group)”*

6. REASONS:

6.1 The Local Government (Wales) Measure 2011 requires the Council to appoint an Audit Committee including the the terms of reference set out in the Measure.

7. RESOURCE IMPLICATIONS:

None

8. CONSULTEES:

Senior Leadership Team, Cabinet, Monitoring Officer, Chief Internal Auditor

9. SUSTAINABLE DEVELOPMENT AND EQUALITY IMPLICATIONS:

None

10. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS:

None

11. BACKGROUND PAPERS: The Local Government (Wales) Measure 2011; Article 6 of the Constitution.

12. AUTHOR:

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