

## CONSTITUTION COMMITTEE

13 FEBRUARY 2009

Present: County Councillor Berman (Chair);  
Councillors, Greening, Howells, Elgan Morgan, Keith Parry,  
Piper, Walker and Walsh

Apologies: Councillors Goodway and Dianne Rees

### 12 : MINUTES

The minutes of the meeting held on 17 October 2008 were approved as a correct record and signed by the Chairperson.

### 13 : REVIEW OF INDEPENDENT AUDIT PANEL

The Committee received a report of the City and County Treasurer on the outcome of a review of the role and responsibilities of the Council's Independent Audit Panel.

Council in 2002 had approved the establishment of an Independent Audit Panel consisting of three independent persons and supported by the three statutory officers to receive and consider internal and external audit reports. Since its inception the Panel had provided Annual Reports on its activities to the Executive and Policy Review and Performance Scrutiny Committee.

The Committee was advised that the operation and effectiveness of the Panel had now been formally assessed as part of the Council's Corporate Governance Programme. The review team was led by the Council's Internal Auditor & Risk Manager with support from our External Audit Manager, a Chief Auditor from another local authority and representatives from other service areas including Scrutiny.

The results of the review had been analysed and a revised model had been developed to enhance the current arrangements by:

- Raising the profile of the Panel to publicly recognise its contribution to the Council's overall process for ensuring that an effective internal control environment is maintained

2.

- Increasing the size of the Panel and including council members in order to bring their innate knowledge and experience of the authority to add more context to debates
- Extending the terms of reference to bring more focus to the concept of Value for Money and in particular reviews of unit costing of services including comparative studies where applicable.

The Panel would consist of four independent members and three Non Executive Councillors, elected by Council. The Chair of the Panel would be one of the independent members and would be appointed by the Panel on an annual basis. The independent members would be appointed for four years with Council members being reappointed annually. The Wales Audit Office would continue to be represented as at present and Panel meetings would continue to be attended by Council Officers with the Council's Section 151 Officer as lead officer.

The report outlined the Governance arrangements and Terms of Reference as follows:

Governance arrangements

- Panel meetings to be held in public subject to the usual restriction on confidential matters
- Agendas, reports and minutes will conform to usual standards for council business meetings
- Minutes of Panel meetings will be submitted for noting at Executive Business Meetings
- An Annual Report of the Panel's activities will be produced for consideration by the Executive and Policy, Performance & Review Scrutiny Committee and circulated to all Members for information
- The Panel to have general authority to require any officer or councillor to attend to add value to any matter under consideration

3.

- The Panel to have general authority to report any matter to the Council as those charged with governance
- Work plans for Audit Panel need to be done in conjunction with Scrutiny Committees to add value and avoid potential duplication
- The Panel will approve the Internal Audit Strategy Plan and Annual Report having consulted with the Section 151 Officer
- Appointment to the Panel to be considered as an approved duty enabling all members to claim appropriate expenses

Terms of Reference

- To consider matters of relevance to the efficient financial administration of the Council, particularly in relation to its systems of good corporate governance, probity and financial strength
- To receive relevant reports from the Council's Section 151 Officer with regard to the above and to consider internal audit matters brought to the Panel's attention by the Section 151 Officer or the Internal Audit & Risk Manager
- To receive reports of the Council's External Auditor, in particular concerning the Regulatory Plan, the Annual Audit Letter and any statutory reports issued by the Auditor
- To agree responses to external audit reports where appropriate and to refer these (along with the report) to the Executive or relevant Scrutiny Committee or Council as appropriate and to consider any responses where relevant
- To receive a quarterly report of all completed audit reports with a synopsis of the work undertaken together with a graded assurance opinion
- To receive a quarterly summary report of school audits together with a graded assurance opinion with individual reports considered by school governing bodies

4.

- To review the implementation of internal audit report recommendations on a regular basis as part of the Audit & Risk Manager's progress reporting cycle
- To review value for money, efficiency and effectiveness through consideration of financial performance indicators and comparative studies where relevant
- To raise the profile of probity generally within the Council and to report on matters of concern to the Executive or to Council as necessary and appropriate
- To receive reports of any significant incidents of fraud or financial impropriety and actions taken to enhance controls where this is considered necessary.
- To receive reports on fraud prevention and detection initiatives and updates to any related policies and strategies.

It was proposed that that the words "or requested by the Panel" be added to the second bullet point of the terms of reference and that two additional bullet points be added to the terms of reference as follows:

- To examine the annual audit plan and propose for consideration any other audit investigations
- To regularly review the Risk Register.

It was further proposed that the three Non Executive Councillors be on the basis of one representative from each of the largest Groups.

RESOLVED – That

1. the revised model for Cardiff's Independent Audit Panel as set out in paragraph 10 of the report as submitted, be agreed *subject to the second bullet point of the terms of reference being amended to read as follows:*
  - To receive relevant reports from the Council's Section 151 Officer with regard to the above and to consider internal audit matters

5.

brought to the Panel's attention by the Section 151 Officer or the Internal Audit & Risk Manager *or requested by the Panel*

*And to the addition of the following bullet points:*

- *To examine the annual audit plan and propose for consideration any other audit investigations*
  - *To regularly review the Risk Register.*
2. the necessary amendments be made to the Council's Constitution;
  3. the City & County Treasurer be authorised to progress the appointment of a maximum of four new Independent Panel Members through public advertisement and conclude any subsequent selection process;
  4. three Non Executive Councillors be appointed to the Audit Panel, to be elected by Council *on the basis of one representative from each of the largest Groups.*