

Proposed changes to the Constitution in order to clarify the separate roles of the Audit Committee and the Overview and Scrutiny Management Committee

1 The role of the Audit Committee is set out in paragraph 2.8 of Part 3 of the Constitution. This paragraph requires some modification in order to make it a definitive statement of Audit's role to include references to activities mentioned elsewhere in the Constitution and to reflect guidance from various professional bodies.

- External Audit is the major statutory provision which is the responsibility of the Audit Committee and the entry "External Audit activity" should precede "Internal Audit Activity" in para 2.8
- In "Internal Audit Activity" second line to read "and the annual internal audit plan and subsequent changes thereto."
- In "Regulatory Framework", 1st bullet point second line to read: "of corporate governance, risk and performance management and internal controls and to receive"
- In "Regulatory Framework", 2nd bullet point, second line "statement (AGS), to review the supporting evidence including the arrangements for governance of partnership working, and to"
- In "Financial Management and Accounts" 1st bullet point, second line: "..... are adequate and effective, and, together with its accounting policies, are regularly reviewed."

2 In Protocol 11 DELETE the words "process and soundness of information" from column 6 of rows 2, 3 and 4.

3 In order to clarify the separate and distinct role of Overview and Scrutiny the following changes are proposed.

In Part 2 Article 6 Overview and Scrutiny Committees:

- After the 6th bullet point "Overview, policy development and scrutiny of policy framework and corporate and organisational matters" Insert new bullet point "Overview and scrutiny engagement on budget setting, budget monitoring and the Medium Term Financial Strategy (MTFS)"
- Insert new paragraph 6.5: "The Management Committee will also work closely with the Audit Committee to refer matters of governance and/or the control environment for further review. Likewise, the Audit Committee can refer matters arising from its remit that have a specific impact or risk to the Council's policy or operation to the Management Committee to consider the need for review"

Page 3

- Renumber paras 6.6, 6.6 and 6.7 accordingly.

In Section 3 of Part 9 of the Constitution

- Section heading to read “Audit Committee and Overview and Scrutiny management Committee”
- In para 3.1 2nd sentence DELETE “(incorporating Scrutiny Select Committees and the Financial Planning Task Group)”
- Para 3.2 to read “The Audit Committee and Overview and Scrutiny Management Committee report to the Cabinet or the Full Council in relation to matters concerning their respective responsibilities as set out in Para 2.8 of Section B of Part 3 and **Part 2 Article 6.2** of the Constitution respectively.”
- In para 3.3 DELETE the second sentence “The committees are responsible for reviewing the external auditor’s reports and the annual audit letter and internal audit’s annual report”