

**OVERVIEW AND SCRUTINY COMMISSION
14 SEPTEMBER 2006**

**REVISED TERMS OF REFERENCE FOR THE OVERVIEW AND SCRUTINY
COMMISSION
(Head of Performance and Scrutiny)**

1. INTRODUCTION

- 1.1 At their meeting on 20 July 2006, the Overview and Scrutiny Commission considered a report by the Borough Treasurer on 'Audit Committees – Current Developments'. The Commission noted those developments and concluded that the Commission's Terms of Reference should be amended to more explicitly incorporate the functions of an audit committee; and that two Members of the Commission should take the lead in exercising those functions. The Commission also recognised that this new arrangement would probably require review in due course, given CIPFA advice and the move elsewhere in local government towards separate audit committees.

2. SUGGESTED ACTION

2.1 That the Overview and Scrutiny Commission agree

- a) **To recommend to the Constitution Review Group an addition to the Commission's Terms of Reference as set out in the new Article 6.02 (ix) in Appendix 1;**
- b) **To adopt the working arrangements as set out in Appendix 2;**
- c) **To confirm the nomination of Councillors McLean and Worrall as the two Members of the Commission to take the lead on those arrangements.**
- d) **To review the effectiveness of the new working arrangements in one year's time.**

3. SUPPORTING INFORMATION

- 3.1 The new arrangements to some extent serve to codify current arrangements, for example the Overview and Scrutiny Commission already routinely review the external auditor's management letter, and in pursuance of Financial Procedure Rule FR16, the Borough Treasurer reports regularly to the Overview and Scrutiny Commission on internal audit activity.

4. Borough Solicitor

Nothing to add to the report.

5. Borough Treasurer

Nothing to add to the report.

Background Papers

Audit Committees – Current Developments (Paper by Borough Treasurer, 20 July 2006)

Contact for further information

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ARTICLE 6 – OVERVIEW AND SCRUTINY

6.01 Overview and Scrutiny Commission

The Council will appoint an Overview and Scrutiny Commission, as set out in Article 6, to discharge the functions conferred by Section 21 of the Local Government Act 2000 and regulations made thereunder.

6.02 Terms of Reference

The Overview and Scrutiny Commission shall:

- (i) develop a work programme of overview and scrutiny reviews and policy development projects, in consultation with the Executive and the Corporate Management Team.
- (ii) appoint a number of overview and scrutiny panels, managing and updating their work programme as necessary, including considering any request from an overview and scrutiny panel, or any Member thereof, to add an item to the work programme.
- (iii) review decisions made, but not yet implemented, by the Executive and any other Committee, where these have been called-in.
- (iv) itself, or through an overview and scrutiny panel:
 - review and/or scrutinise decisions made, or actions taken, in connection with the discharge of any of the Council's functions;
 - consider any matter affecting the Borough or its inhabitants.
- (v) make reports and/or recommendations to Council and/or the Executive and/or any other committee in connection with the discharge of any functions.
- (vi) receive summary performance management information and question Members of the Executive and Officers thereon.
- (vii) ensure the efficient discharge of a robust and effective overview and scrutiny function.
- (viii) prepare and submit an annual report to the Council on overview and scrutiny activities and their outcomes.
- (ix) **Reinforce effective governance, particularly through reviewing the activities of the Council's internal and external auditors, in consultation with the Borough Treasurer.**

OVERVIEW AND SCRUTINY COMMISSION

AUDIT COMMITTEE FUNCTIONS

The functions referred to in Article 6.02 (ix) of the Constitution are those normally carried out by an Audit Committee of a public body in the United Kingdom, and comprise – but are not limited to - the following:

1. Review and recommend for the Borough Treasurer's approval the cyclical programmes of internal audit activity.
2. Regularly review summaries of internal audit reports and other reports of audit activity, including the annual report on the effectiveness of internal controls.
3. Review the External Auditor's annual Management Letter, together with any reports.
4. Review reports of any major risks faced by the Council, together with associated risk management strategies.
5. Review and comment on the Statement of Internal Control, forming part of the Council's published Annual Accounts.
6. Make an input to the review of the Council's draft Annual Accounts, prior to their consideration by the Council's Final Accounts Committee.