Audit Committee
Terms of Reference

Council's work is initiated, managed and monitored by Council itself and a series of Committees to which Council delegates certain powers. Committees are subordinate to Council within the Governance structure. Other than those areas where Council has delegated defined tasks and/or authority to act, Committees have an advisory role. They report to Council on the performance of those activities that fall within the remit of each Committee. Committees will also bring to Council's attention any issues of concern, or areas for improvement.

There are three Committees with delegated powers. They are: Audit Committee, Remuneration and Appointments Committee and Capital Committee. Three Advisory Groups also report to Council: Equalities Monitoring Group, Welsh Language Monitoring Group and Wales at Venice Advisory Committee.

The specific remit of this Committee is set out below.

The Terms of Reference for Audit Committee are reviewed and approved by Council on an annual basis. This document was reviewed and approved by Council in October 2012.

Role of the Committee

1. Audit Committee is a sub-committee of Council, to which it reports.

2. It is responsible for reviewing the systems of Internal Control within the Council's risk management, control, governance, financial and other operations to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds.

3. Additionally, the Committee is responsible for monitoring the work of both internal and external auditors, monitoring the Arts Council's progress in implementing recommendations raised and advising Council on relevant issues.

4. In carrying out this work the Committee will primarily utilise the work of the Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate.

Corporate Governance

5. Review and monitor the systems of Internal Control within the Council's financial and other operations to help satisfy Council that the Arts Council will achieve its key objectives and targets and any additional indicators as agreed.

6. Ensure the Arts Council is operating in a manner which will make most economic and effective use of resources available, including use of any funds it may award to other organisations.

7. Ensure the Arts Council has adequate systems to effectively monitor its investment in its portfolio of Revenue Funded Organisations (RFOs), in particular their artistic, financial and governance performance.

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8. Monitor the Council's approach to risk management, including periodic review of its Risk Policy, monitoring of its risk register(s) and any reports arising.
9. Monitor the Corporate Governance arrangements of the Council, e.g. Anti-fraud Policy and the ethical behaviour of the Council and its senior officers and management.

10. Review and recommend periodical amendments to the Council's Code of Best Practice for Members and Staff, and any other relevant policies.

Internal Audit

11. The Audit Committee shall ensure that there is an effective internal audit function established by Management that meets mandatory Government Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Council. In order to achieve this the Committee will:

    a. Review arrangement for internal audit of the Council; determining arrangements for appointing internal auditors;

    b. Recommend the appointment of and the fees payable to internal auditors;

    c. Review the performance of internal auditors in line with agreed Key Performance Indicators (KPIs);

    d. Agree internal audit plans that ensure that all aspects of Council's activities are audited, or subject to audit, at appropriate frequencies within a specified period;

e. Receive and discuss reports from the internal auditors, including value-for-money reports; consider management responses and ensure appropriate management action on a timely basis;

f. Consider the adequacy of the implementation of audit recommendations;

g. Meet the Head of Internal Audit at least annually to discuss the relationship between internal and external audit functions and any matters of concern to either Council or the internal auditors.

External Audit

12. The Audit Committee shall review the work and findings of the External Auditor and consider the implications and Management's responses to their work. In order to achieve this the Committee will:

a. Review the terms of engagement of the Wales Audit Office (WAO); and monitoring of key objectives;

b. Agree the level of fees payable to external auditors;

c. Meet the WAO to discuss the relationship between internal and external audit functions and any matters of concern to either Council or the WAO;

d. Review any management letters or other reports issued by the WAO; considering management responses and ensuring appropriate management action;

e. Review the performance of external auditors in line with agreed Key Performance Indicators (KPIs);

Annual Accounts

13. The Audit Committee shall review the Annual Report and Financial Statements before submission to the Council, particularly to:

a. Ensure that the Council's accounts comply with the Charity Commission's Statement of Recommended Practice, Accounts Directions (issued by the Welsh Government and DCMS), FReM (issued by HM Treasury) and any other relevant legal/mandatory standards;

b. Review the basis of key estimates (depreciation rates, provision for doubtful debts, and other asset valuations, etc.) and the appropriateness of accounting policies used in preparing the annual accounts;

c. Review final drafts of both General Activities and the Lottery Distribution Accounts, and recommend Accounts to Council.

Other

14. Produce an annual report to Council covering the work carried out by the Committee during the past year, to include the conclusions and opinions of both internal and external audit and provision of assurance to Council on the system of internal control and risk management.

15. In addition to the annual reports to Council noted above, report as necessary to Council on any matter relating to the Council's internal controls, internal or external audit which it considers to be urgent, unusual, controversial or potentially damaging to the Council's reputation;

16. Refer to the Chief Executive any matters resulting from its work which might require disciplinary action;

17. To receive information on any instances of fraud and where appropriate to advise on appropriate action.

18. Undertake an annual self assessment review of effectiveness. In addition, the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Audit Committee's own scope of work.

19. Advise on other appropriate matters referred to it by Council.

Chair: Member of Council, other than its Chair

Appointed by: Council

Members:

Name	Capacity	Period of Appointment
Emma Evans	Chair (effective 22 March 2012) Member of Council	Until 31 March 2014
Alan Watkin	Vice Chair; Member of Council	Sept 2011 – March 2013
John Carey Williams	Member of Council	Sept 2010 – March 2013
Vacancy	Member of Council	
Phil Westwood	Independent Member	Nov 2007 - Oct 2013
Gareth Jones	Independent Member	Sept 2009 – Aug 2015

In the event of a vacancy arising mid-term, or remaining after an open advert, members may be co-opted for the remainder of the term, until the next round of recruitment.

The Chief Executive and other senior management and senior officers should be invited to attend, but particularly when the Committee is discussing areas of risk or operation that are the responsibility of that individual. The Chief Executive should be invited to attend, at least annually, to discuss with the Audit Committee the process for assurance that supports the system of internal control to inform the Annual Governance Statement.

Quorum:	Three members, at least one of which must be a Member of Council.
Accountability:	The Committee is bound by the Council's ethical code as outlined in the Code of Best Practice. Members are required to complete an annually updated declaration of interest form
Meetings:	Five times a year. Dates to be set in advance for each year. Audit Committee also holds private meetings with both Internal Audit and Wales Audit Office at least annually. Special meetings may be convened by the Chair of Audit Committee where deemed necessary.
Papers:	Will be circulated to Committee members one week before the meeting. All papers and subsequent minutes to be filed on Livelink under: Meetings/Council and Committee/Audit. Additionally papers pertaining to meetings for the last 12 months will also be stored within Ffynnon, and a library of appropriate reference material maintained.
Reporting:	The Committee is advised by the Director of Finance and Resources, and the Head of Finance and Accounting Services.
Minutes & records:	Minutes are supplied to the next meeting of Council. The Finance and Resources unit ensure complete records are maintained, both in paper and electronic based form.

Updated: The terms of reference for Audit Committee are reviewed on an annual basis. This document was last updated in October 2012.