Local authorities to appoint audit committees

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

(2) 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) It is for an audit committee to determine how to exercise its functions.

Annotations:

Commencement Information

S. 81 in force at 30.4.2012 by S.I. 2012/1187, art. 2(1)(j)
82 Membership

(1) A local authority is to appoint the members of its audit committee.

(2) A local authority must secure 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.

(3) Subsection (2)(c) does not require the membership of a local authority's audit committee to include a member of the authority's executive.

(4) The appointment of a person as a member of an audit committee has no effect if the membership of the committee breaches subsection (2) immediately after the appointment (whether or not by virtue of the appointment).

(5) In a case where one or more persons are to become, or to cease to be, members of an audit committee at a particular time, all those changes of membership are to be taken into account in determining whether the membership of the committee breaches subsection (2).

(6) An act of an audit committee is invalid if the membership of the committee breaches subsection (2).

[Footnote (7) An audit committee is to be treated as a body to which section 15 of the Local Government and Housing Act 1989 (duty to allocate seats to political groups) applies.]

Annotations:

Amendments (Textual)

F1 S. 82(7) inserted (30.9.2013) by Local Government (Democracy) (Wales) Act 2013 (anaw 4), ss. 61, 75(2)(d)

Commencement Information

I2 S. 82 in force at 30.4.2012 by S.I. 2012/1187, art. 2(1)(j)

83 Proceedings etc

(1) An 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).

(2) If there are no opposition groups, the person who is to chair the audit committee may be a member of an executive group but must not be a member of the local authority's executive.

(3) All members of an audit committee may vote on any question that falls to be decided by the committee.

(4) An audit committee of a local authority—
(a) may require members and officers of the authority to attend before it to answer questions, and
(b) may invite other persons to attend meetings of the committee.

(5) It is the duty of any member or officer of a local authority to comply with any requirement imposed under subsection (4)(a).

(6) A person is not obliged by subsection (5) to answer any question which the person would be entitled to refuse to answer in, or for the purposes of, proceedings in a court in England and Wales.

(7) An audit committee is to be treated as a committee of a principal council for the purposes of Part 5A of the Local Government Act 1972 (access to meetings and documents of certain authorities, committees and sub-committees).

(8) For the purposes of subsections (1) and (2), the expressions “executive group” and “opposition group” have the same meaning as in section 75.

### Annotations:

#### Commencement Information

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<td>S. 83</td>
<td>at 30.4.2012</td>
<td>by S.I. 2012/1187, art. 2(1)(j)</td>
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#### 84 Frequency of meetings

(1) An audit committee must meet once in every calendar year.

(2) The audit committee of a local authority must also meet if—
   (a) the local authority resolves that the committee should meet, or
   (b) at least one-third of the members of the committee requisition a meeting by one or more notices in writing given to the person who chairs the committee.

(3) It is the duty of the person who chairs an audit committee to secure that meetings of the committee are held as required by subsections (1) and (2).

(4) This section does not prevent an audit committee from meeting otherwise than as required by this section.

### Annotations:

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<td>at 30.4.2012</td>
<td>by S.I. 2012/1187, art. 2(1)(j)</td>
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#### 85 Guidance

(1) The Welsh Ministers may give guidance to local authorities—
   (a) about the functions of audit committees and the exercise of those functions, or
   (b) about the membership of audit committees.

(2) A local authority and its audit committee must have regard to guidance given by the Welsh Ministers under subsection (1).
86 Termination of membership on ceasing to be member of authority

(1) This section applies to a person (P) who is—
   (a) appointed to be a member of an audit committee of a local authority, and
   (b) is a member of the authority at the time of that appointment.

(2) If P ceases to be a member of the authority, P also ceases to be a member of the audit committee.

(3) But subsection (2) does not apply if P—
   (a) ceases to be a member of the authority by reason of retirement, and
   (b) is re-elected a member of the authority not later than the day of retirement.

(4) Subsection (3) is subject to the standing orders of the authority or the audit committee.

87 Interpretation etc

(1) Expressions used in this Chapter and in Part 2 of the Local Government Act 2000 (or in an instrument made under that Part of that Act) have the same meanings in this Chapter as in that Part of that Act (or in that instrument).

(2) In this Chapter—
   “audit committee” (“”) has the meaning given in section 81;
   “lay member” (“”) means a person who is not a member of a local authority;
   “senior member of a local authority” (“”) means—
   (a) in the case of a local authority which operates a leader and cabinet executive (Wales), the executive leader;
   (b) in the case of a local authority which operates a mayor and cabinet executive, the mayor.
Changes to legislation:
There are currently no known outstanding effects for the Local Government (Wales) Measure 2011, CHAPTER 2.