

Integrity Forum - Terms of Reference

1. Introduction

The Integrity Forum has a key role within Leeds City Council's Governance Framework and its function is to help ensure that there are procedures and operations in place to provide the necessary quality, integrity and reliability of financial information and accounts. The overall purpose is to help ensure the financial stewardship of the Authority by monitoring the following:-

the regular review and reconciliation of financial systems to the financial ledger

The regular review and reconciliation of balance sheet accounts.

the requirement to have effective systems and procedures in place to facilitate the posting of financial data to the ledger.

that there are up to date bank mandates for all bank accounts to which LCC officers are signatories and that bank statements are regularly received and reconciled

The Integrity Forum meets on a monthly basis in order to ensure that a regular review is undertaken and that any deficiencies relating to the integrity of the ledger are promptly acted upon.

2. Reporting to Finance Performance Group

Reporting to FPG is on an exception basis whereby only issues that compromise the integrity of the ledger will be reported. This reporting is undertaken as and when deemed necessary by the Chief Officer (Financial Management).

3. Investigation of areas of concern

The Forum instigates any investigations deemed necessary where there are areas of concern. This may include calling individuals in to the monthly meeting to discuss specific issues as required.

4. Items considered by the Forum

The following items are considered by the Integrity Forum in accordance with a pre-determined Integrity timetable.

4.1 Systems and Feeders

4.1.1 FMS feeders – any issues arising relating to the day to day control of feeder systems posting into The financial ledger (FMS)

4.1.2 Cash Book –reconciliations of Cash transactions to the financial ledger (Monthly balances in excess of £200m)

4.1.3 Balance Sheet Monitoring Statements. Integrity Forum ensures that all accounts held on the Council's balance sheet are fully reconciled and any amounts due or owed are paid/recovered. This includes the monitoring and checking of payments to HMRC which exceeds £61m per month in respect of payroll taxation and the reclamation of approximately £9m in VAT.

4.2 Integrity of the Financial Ledger

4.2.1 Major Systems Reconciliations. Reconciliations provide assurance that all data processed by systems that feed into the financial ledger has been transferred correctly. Of the major systems £130m per month is processed through the payroll and creditor(payments) systems.

4.2.2 Systems Mapping. A comprehensive map of all systems which feed into the financial ledger is held and reviewed by the Forum.

4.2.3 FMS Access Rights. Regular risk based reviews of access controls in the financial ledger.

5 Internal & External Audit Reports

- All Audit Reports with implications for the Financial Management function are reviewed and commented upon. Action Plans are obtained from relevant officers to ensure that Audit recommendations are implemented – progress against Action Plan is monitored.

6 New Systems Development

- The role and involvement of Financial Management in the development of any new systems which impact on the financial ledger is determined by the Forum. Progress and issues arising are reported to the Forum on a monthly basis.

7 Treasurerships and Partnerships including Charities

- The responsibilities outlined above also extend to areas where the Director of Resources acts as Treasurer or provides an accounting service to an external body.

8 Governance

Internal Audit monitor and validate all the work carried out by Integrity Forum annually giving substantial assurances since the Forum came into existence. In addition KPMG are assured that appropriate controls are in place for the control and policing of FMS.