

Audit and Governance Committee – proposed revised Terms of Reference

1. INTRODUCTION

1.1 The Audit and Governance Committee is independent of the Executive, therefore, no member of the Committee (or their designated substitute) should be a member of the Executive. Membership shall be in accordance with the political balance rules.

1.2 The Audit & Governance Committee shall meet at least four times each municipal year, with the authority to convene additional meetings as circumstances require.

2.0 PURPOSE

2.1 The Audit and Governance Committee is a key component of the Council's Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

2.2 The purpose of the Audit & Governance Committee is to provide independent assurance to the members of the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees Internal Audit and External Audit, helping to ensure efficient and effective assurance arrangements are in place.

3.0 RESPONSIBILITIES

3.1 The Audit and Governance Committee will have various responsibilities in the following areas:

- Financial Management
- Internal Control, Governance and Risk Management
- Internal Audit
- External Audit
- Standards Functions
- Reporting Responsibilities.

4.0 FINANCIAL MANAGEMENT

4.1 Review the Annual Statement of Accounts, and consider if they reflect appropriate accounting principles.

4.2 Review significant accounting and reporting issues, including complex or unusual transactions and judgements made in connection with the preparation of the Annual Statement of Accounts.

4.3 To consider the External Auditor's report to those charged with governance, including any difficulties encountered.

4.4 To review and monitor the Council's treasury management policies and practices.

5.0 INTERNAL CONTROL, GOVERNANCE AND RISK MANAGEMENT

5.1 To consider the effectiveness of the Council's internal control system, including information technology security and control.

5.2 To understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

5.3 To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

5.4 To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

5.5 To monitor the effective development and operation of risk management in the Council.

5.6 To monitor progress in addressing risk-related issues reported to the Committee.

5.7 To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

5.8 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.

5.9 Review the findings of any reports provided by regulatory agencies, and any auditor.

6.0 INTERNAL AUDIT

6.1 To review and approve the Internal Audit Charter to ensure that it is appropriate to the current needs of the organisation.

6.2 To review and approve the annual internal audit plan and any major changes to it.

6.3 To ensure that Internal Audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its function, and is equipped to perform in accordance with appropriate professional standards for internal auditors.

- 6.4 To consider the effectiveness of Internal Audit.
- 6.5 To consider reports from the Head of Internal Audit on Internal Audit's performance during the year. These will include:
- Updates on the work of Internal Audit including key findings, issues of concern and actions taken by management as a result of Internal Audit work.
 - Regular reports on the Quality Assurance Improvement Programme.
 - Reports on instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether non-conformance is significant enough that it must be included in the Annual Governance Statement.
- 6.6 To consider the Head of Internal Audit's Annual Report:
- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement.
 - The opinion of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
- 6.7 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable or there are concerns about progress with the implementation of agreed actions.
- 6.8 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.
- 6.9 To receive as a standing agenda item, the status of internal audit recommendations, with accompanying management responses.
- 6.10 Review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 6.11 Monitor the counter-fraud strategy, activity and resources.
- 6.12 Review the Council's Whistleblowing Policy.
- 6.13 Review the Council's Anti-Money Laundering Policy.
- 6.14 To support the development of effective communication with the Head of Internal Audit.

6.15 To ensure the Head of Internal Audit has free and confidential access to the Chair of the Audit and Governance Committee.

6.16 Meets with the Head of Internal Audit at least once a year without the presence of management.

7.0 EXTERNAL AUDIT

7.1 To review the performance of the External Auditors and consider the appointment or discharge of the External Auditors.

7.2 To review the External Auditor's proposed scope and approach, including coordination of audit effort with Internal Audit.

7.3 To consider the External Auditor's Annual Audit Letter, relevant reports, and the report to those charged with governance.

7.4 Review and monitor management's responsiveness to External Audit's findings and recommendations.

7.5 Review and confirm the independence of External Audit by obtaining statements from the auditors on relationships between the auditors and the Council, including non-audit services.

8.0 STANDARDS FUNCTIONS

8.1 Advise the Council on the adoption or revision of the employees' Code of Conduct and Member/Officer Protocol.

8.2 Review the Council's protocols for Councillors dealing with planning and rights of way matters.

8.3 Consider appeals against the Monitoring Officer's refusal to grant a written application made by a Member of the Council for a dispensation under s33 of the Localism Act 2011.

8.4 Receive reports summarising the results of the allegations made and investigations conducted into possible breaches of the Members' Code of Conduct and to determine those cases referred to it by the Council's Monitoring Officer.

8.5 Receive reports on declarations of interests made and gifts/hospitality received by Members and officers.

9.0 REPORTING RESPONSIBILITIES

9.1 To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of

their governance, risk management and internal control frameworks, financial reporting arrangements, and Internal Audit and External Audit functions.

- 9.2 To report to Full Council on a regular basis on the Committee's performance in relation to the terms of reference of the Committee in meeting its purpose.