

### **Audit and Governance Committee – The Constitution Committee’s recommended terms of reference, as recommended at the meeting on 6<sup>th</sup> April 2021**

#### **Statement of Purpose:**

1. The Audit and Governance Committee is a key component of the Council’s corporate governance. It provides:
  - a. independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards;
  - b. independent review of the Council’s governance, risk management, control frameworks and oversees the financial reporting and annual governance processes; and
  - c. promotes high standards of ethical behaviour by developing, maintaining and monitoring Codes of Conduct for Members of the Council (including co-opted Members and other persons acting in a similar capacity).
2. The Committee receives reports and assurances from across the organisation. In doing so, the Committee will consider the effectiveness of the arrangements described, identifying further information needed, and/or making recommendations for improvements and additional action required.

#### **Form and Structure**

3. **9** Members of the Council, subject to proportionality, which may be altered to accommodate the overall political balance calculation together with 2 co-opted independent committee members.
4. To support the political independence in this oversight committee, membership of the Committee may not include the Leader or Deputy of the Council, or the Chairs and Vice Chairs of service committees including the Corporate Policy Committee and Finance Sub Committee. The Chair and Vice Chair of the Audit and Governance Committee should not sit on service committees.
5. Members may not review decisions as part of the Audit and Governance Committee that they have made as a member of another Committee.
6. Co-opted independent members of the Committee are appointed to the Committee for a four year period. The Council on 22nd October 2015 resolved that the independent member be a voting member.<sup>1</sup>

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<sup>1</sup> The authority should have regard to section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. In essence, where a committee is acting in an advisory capacity and making recommendations, all members of the committee should be able to vote on the recommendation. Where the Council has delegated to the Committee decisions such as the adoption of financial statements, the independent member should not be able to vote on those matters.

7. To ensure that the Committee remains focussed on its assurance role, all members of the Committee, and any designated substitute, must be appropriately trained.
8. The success of the Audit and Governance Committee depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on members not to make inappropriate use of information provided to the Committee for other purposes.

### **Matters reserved for the Audit and Governance Committee**

#### ***Accountability Arrangements***

1. To report annually 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 of the Council.
2. To report to full Council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

#### ***Governance, risk and control***

3. To consider the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
4. To approve the Annual Governance Statement 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 and includes an agreed action plan for improvements where necessary.
5. To consider the effectiveness of the system of risk management arrangements by receiving regular reports on the adequacy and effectiveness of the Council's risk management and reporting arrangements and receive assurance that actions have been taken as necessary.
6. To review the Council's Risk Management Policy and Framework and recommend it for approval by Corporate Policy Committee.
7. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
8. To monitor the counter-fraud strategy, actions and resources.
9. To review the governance and assurance arrangements for significant partnerships or collaborations.

10. To consider amendments to the Constitution and recommend proposals to Full Council for approval except where specifically delegated to the Monitoring Officer.

### ***Internal Audit***

11. To approve the internal audit charter.
12. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
13. To consider reports from the Head of Audit and Risk Management on internal audit's performance during the year, including
  - (a) updates on the delivery of the audit plan, including key findings, issues of concern and monitoring the actions taken in response to internal audit recommendations.
  - (b) reports on Internal Audit's effectiveness and compliance with its Quality Assurance and Improvement Programme, including conformance with the Public Sector Internal Audit Standards, and the results of the external assessment review of Internal Audit when due.
14. To approve significant interim changes to the risk-based internal audit plan and resource requirements
15. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
16. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
17. Receive the annual report from the Head of Audit and Risk setting out internal activity during the year, and an opinion on the level of assurance as to the Council's arrangements for governance, risk management and internal control.
18. To consider summaries of specific internal audit reports as requested
19. 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 to the authority or there are concerns about progress with the implementation of agreed actions.

### ***External Audit***

20. To oversee the process by which the Council's external auditor is appointed.
21. To consider specific reports as agreed with the external auditor.
22. To commission work from internal and external audit.

23. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies. Annual Statement of Accounts
24. To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
25. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
26. Monitor management actions in response to issues raised by the external auditor

### ***Related Functions***

27. Subject to the requirements set out below, to consider all findings of the Local Government Ombudsman, including reports resulting in a finding of maladministration against the Council, and to make recommendations as to actions that may be necessary in connection with or which arise from, or are as a result of the Ombudsman's findings.
  - (a) There are statutory obligations which will, in some circumstances, require reports to be taken to Cabinet or full Council.
  - (b) The Ombudsman operates protocols in relation to the timing of the publication of findings. The Council would have to give consideration to those protocols when determining how to manage the Audit and Governance Committee's agenda.

### ***Standards Arrangements***

28. The Committee is responsible for the Council's standards arrangements to:
  - (a) promote high standards of ethical behaviour.
  - (b) develop, maintaining and update Codes of Conduct and protocols.
  - (c) Training Audit and Governance Committee –
29. The Committee is responsible for monitoring and advising Council about the operation of its Code of Conduct for Councillors in the light of best practice and any changes in the law.
30. The Committee will approve the arrangements for dealing with allegations that a Councillor or a town/parish Councillor within the borough has failed to comply with the relevant Councillors' Code of Conduct.
31. To assist the Council with the appointment of Independent Persons as required by the Localism Act 2011 and any independent persons under other secondary legislation.

32. To determine any request for a dispensation under Section 33 of the Localism Act 2011, where not determined by the Monitoring Officer or to appeal against a determination by the Monitoring Officer.
33. To respond on behalf of the Council to national reviews and consultations on standards related issues.
34. To consider and make recommendations to Full Council on any other matter that may be referred to the Standards Committee relating to the conduct and training of Councillors.
35. To review, advise, monitor and report to Full Council on member training.
36. To recommend proposals to Full Council for changes to the constitution in respect of any governance or standards matters, except where specifically delegated to the Monitoring Officer.

### ***Hearing Sub Committee***

37. The Hearing Sub-Committee is a Sub-Committee of the Council's Audit and Governance Committee appointed to consider complaints referred under the Code of Conduct Complaints procedure.
38. The Hearing Sub-Committee quorum will be drawn from the Audit and Governance Committee.
39. The standing Chair of the Hearing Sub Committee is the Chair of the Audit and Governance Committee; when convened for any individual item, the Chair should be of a different group to any subject member
40. The Vice Chair will be appointed by the Audit and Governance Committee and if practicable, will be from a different political group to the Chair.
41. An Independent Person is invited to attend all meetings of the Hearing Subcommittee and his/her views are sought and taken into consideration before the Hearing Sub-committee takes any decision on whether the member's conduct constitutes a failure to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.
42. The Independent Person is a person who has applied for the post following advertisement. He/she is appointed by Council.
43. Where the Committee finds that a failure to comply with the Code of Conduct has occurred, the Hearing Sub-Committee will determine what action, if any, to take and to apply the sanction or recommend to Council to apply an appropriate sanction.