

Audit and Governance Committee Proposed Terms of Reference (as contained within the Council’s Constitution, Article 9)

The Committee will have the following terms of reference relating audit functions, governance functions and human resources functions.

Audit functions**Governance, risk and control**

- a Act as the Council’s Audit Committee for internal and external audit.
- ab To review the council’s corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance
- ~~e Agree and oversee the Council’s Internal Audit Plan and monitor progress against this Plan.~~
- ~~d Receive, and consider the work of the external auditor.~~
- ~~e Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.~~
- ~~f Overview the Council’s risk management arrangements to provide independent assurance of the adequacy of the risk management framework.~~
- c To monitor the effective development and operation of risk management in the council~~Seek assurance that action is being taken on risk-related issues identified by auditors and inspectors.~~
- d To monitor progress in addressing risk-related issues reported to the committee
- e To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- f To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA’s **Financial Management Code**.
- g To consider the council’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- h To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- i To monitor the counter fraud strategy, actions and resources.
- j To review the governance and assurance arrangements for significant partnerships or collaborations.
- bk Promote and ensure training of Councillors and co-opted members in the relevant governance aspects.

- e) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions~~Approve the Governance and Assurance Statements, Statement of Accounts and anti-fraud and anti-corruption arrangements.~~
- em) To notify, report or recommend to Cabinet and Council as appropriate.
- en) Have continued due regard for all conduct and governance requirements that include the CIPFA (Chartered Institute of Public Finance and Accountancy) guidance.
- o) To review, monitor and consider reports from the Section 151 Officer on Treasury management, functions and activities.
- p) Grant dispensations, where referred by the Monitoring Officer and in accordance with the Localism Act 2011 or other legislation.
- q) To monitor the use of dispensations.
- fr) To appoint a Sub-Committee which will have delegated responsibility to consider investigation reports, in respect of Code of Conduct complaints, that are referred to it by the Monitoring Officer and conduct hearings into allegations that a Member or co-opted Member of the Council or Town/Parish Council has breached the relevant code of conduct

Governance ~~functions~~reporting

- a) To review the AGS prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- b) To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives ~~Promote and maintain high standards of conduct by Councillors and any co-opted members.~~

Financial reporting

- a) To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- b) To review 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.
- c) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

Arrangements for audit and assurance

To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

External audit

- a. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- b. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- c. To consider specific reports as agreed with the external auditor.
- d. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- e. To consider additional commissions of work from external audit.
- f. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- g. To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

Internal audit

- a. To approve the internal audit charter.
- b. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- c. 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.
- d. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- e. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- f. To consider any impairments to the independence or objectivity of the head of internal audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.

- g. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

 - updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work
 - regular reports on the results of the QAIP
 - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- h. To consider the head of internal audit's annual report, including:

 - the statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, together with the summary of the work supporting the opinion (these will assist the committee in reviewing the AGS).
- i. To consider summaries of specific internal audit reports as requested.
- j. 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.
- k. To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- l. To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations
- m. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

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- k. To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- l. To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations
- m. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

Accountability Arrangements

- a. 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 and external audit functions.
- b. 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.
- c. To publish an annual report on the work of the committee, including a conclusion on the compliance with the **CIPFA Position Statement**
- a.d. To operate the overall scheme in respect of the local determination of Code of Conduct complaints against Council and Parish/Town Members (this role is largely delegated by the Constitution to a Standards Hearings Sub-Committee and the Monitoring Officer as set out in greater detail in the Constitution).

~~e. Approve and review relevant codes of conduct, protocols and other arrangements that relate to the governance of the council.~~

~~f. Promote and ensure training of Councillors and co-opted members in the relevant governance aspects.~~

~~g. Grant dispensations, where referred by the Monitoring Officer and in accordance with the Localism Act 2011 or other legislation.~~

~~h. To monitor the use of dispensations.~~

~~i. To appoint a Sub-Committee which will have delegated responsibility to consider investigation reports, in respect of Code of Conduct complaints, that are referred to it by the Monitoring Officer and conduct hearings into allegations that a Member or co-opted Member of the Council or Town/Parish Council has breached the relevant code of conduct.~~

b.e. To overview the Council's whistle blowing policy.

e.f. To review, monitor and consider reports from the Monitoring Officer.

Human Resource Functions

To receive and consider reports relating to workforce policies and related performance.

Where there is a specific requirement a Sub Committee can be appointed which shall deal with disciplinary matters relating to relevant officers.

Standards Sub-Committee Terms of Reference

- a) To consider investigation reports, in respect of Code of Conduct complaints, that are referred to it by the Monitoring Officer.
- b) To conduct a hearing into an allegation that a Member or co-opted Member of the Council or Town/Parish Council has breached the relevant code of conduct. At such hearing, the Member against whom a complaint has been made may respond to the investigation report.
- c) Following the hearing the Sub-Committee can make one of the following findings:
 - i) That the Member has not failed to comply with the Code of Conduct and no further action needs to be taken in respect of the matters considered at the hearing
 - ii) That the Member has failed to comply with the Code of Conduct but no further action needs to be taken in respect of the matters considered at the hearing; or
 - iii) That the Member has failed to comply with the Code of Conduct and a sanction and/or an informal resolution should be imposed.
- d) The Sub-Committee may impose any action or combination of actions available to it, or impose any informal resolution or combination of informal resolutions as are available to it either by law or policy.
- e) After making a finding the Sub-Committee shall, as soon as reasonably practicable, provide written notice of its findings and the reason for its decision to the Member and the complainant.
- f) To apply the Council's Standards Complaints Procedure and Complaints Standards Sub-Committee Procedure to hearings before the Sub-Committee.

Human Resource Sub-Committee terms of reference

The Human Resources Sub-Committee will be responsible for the Council's Human Resources function where not delegated under the Scheme of Delegation. This includes:

- a) All disciplinary matters relating to specified officers that are required to have Member or Committee involvement. This is elaborated in the Officer Employment Procedure Rules later in this Constitution.