

### Audit and Governance Committee

#### Terms of Reference

##### Statement of purpose

The Audit and Governance Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

##### Meetings

The Committee will meet at least four times a year. The Chair of the committee may convene additional meetings as ~~he/she~~ **they** deem necessary. The Head of the Paid Service, Section 151 Officer or the Head of Internal Audit may ask the Committee to convene further meetings to discuss particular issues.

The Audit and Governance Committee, the Head of Internal Audit and External Audit have the opportunity for ~~informal briefing sessions~~ **private meetings**.

The Audit and Governance Committee is authorised to discharge the following functions:

##### Governance, Risk, Control

1. To review the council's arrangements for corporate governance against the good governance framework ~~and consider quarterly governance reports and assurances~~ **including the ethical framework and consideration of the local code of governance.**
- ~~2. To review and approve the authority's Annual Governance Statement (AGS).~~
3. To maintain an overview of the council's constitution ~~in respect of~~ **including** contract procedure rules, financial ~~regulations~~ **procedure rules** and codes of conduct and behaviour.
4. To review any issue referred to it by the chief executive or a strategic director, or any council body.
5. To consider, approve and monitor the Council's risk management framework and to seek assurances on its effectiveness.

6. To consider the Council's arrangements for the mitigation of risk including receiving assurance on the adequacy of the Council's Insurance portfolio.
7. To review, approve and monitor the Council's Counter Fraud policies and Whistleblowing Policy, and to seek assurance on the assessment of fraud risks and the potential harm to the Council from fraud, bribery and corruption.
8. To monitor progress in addressing risk-related issues reported to the Committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions through the work of internal audit.
10. To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code, financial sustainability and the budgetary process.
11. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
12. To consider the council's compliance with its own and other published standards and controls.
13. To review the governance and assurance arrangements for any Council owned companies, significant partnerships or other collaborations.
14. To consider reports from external regulators (e.g. Ofsted, Care Quality Commission, Local Government Ombudsman) that impact on the Committee's areas of responsibility and to receive an annual report providing an overview of all external regulator activity at the Council during the year.
15. To consider the exercise of officers' statutory responsibilities and of functions delegated to officers.

## **Financial and governance reporting**

### **Governance reporting**

16. To review the Annual Governance Statement (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.
17. 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.

## **Financial reporting**

18. To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
19. 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.
20. 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.

### ***Internal Audit***

21. To consider and approve the annual internal audit plan, including internal audit's resource requirements.
22. To approve the internal audit charter
23. To approve significant interim changes to the annual audit plan and resource requirements.
24. To consider (periodic) 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 action in hand as a result of internal audit work,
  - regular reports on the results of the Quality Assurance and Improvement Programme (QAIP),
  - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough to be included in the AGS.
25. 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

- 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.
26. To consider summaries of specific internal audit reports as requested.
  27. To consider reports dealing with the management and performance of the providers of internal audit services.
  28. To consider 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 Council or there are concerns about progress with the implementation of agreed actions.
  29. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
  30. 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
  31. In conjunction with the Council's s151 Officer, to commission work from internal audit.
  32. 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.
  33. 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.
  34. To provide free and unfettered access to the Chair of Committee for the Head of Internal Audit, including the opportunity for ~~informal briefings~~ private meetings with the Committee.

### **External Audit**

35. 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 ~~by the~~ Public Sector Audit Appointments Limited (PSAA) or the Financial Reporting Council (FRC).
36. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance and such specific reports as are agreed with external audit.
37. To comment on the scope and depth of external audit work and to ensure it gives value for money.
38. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies

39. In conjunction with the Council's s151 Officer, to commission work from external audit.
40. To provide free and unfettered access to the Chair of the Committee for the External Auditor, including the opportunity for ~~informal briefings~~ **private meetings** with the Committee.

### ***Treasury Management***

41. To consider the robustness of the Council's treasury management strategy, policies and procedures before their submission to Cabinet, to ensure that controls are satisfactory.
42. To review the treasury risk profile and adequacy of the treasury management procedures.

### ***Accountability Arrangements***

- 43.** To present an annual report on the work of the Committee to the Council, ~~providing an opinion on the adequacy and effectiveness of the Council's governance, risk and control frameworks.~~ **including a conclusion on the compliance with the CIPFA Position Statement, the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.**
44. To report to full council where necessary **providing an opinion on the adequacy and effectiveness of the Council's governance, risk and control frameworks.**

### **Review period of terms of reference**

It is good practice to review the Committee's terms of reference on an annual basis.

### **Date of Last Review**

March 2023