

## **Governance & Audit COMMITTEE**

### **Terms of Reference**

#### **1. Constitution & Purpose**

The Governance & Audit Committee is a key component of the Council's corporate governance framework. The Committee reports to the Council and its purpose is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment, the integrity of the financial reporting and governance processes, and the arrangements for internal and external audit.

It fulfils the role of 'the Board' for the purposes of the Public Sector Internal Audit Standards.

The Terms of Reference of the Committee will comply with Part 4a of the Constitution unless explicitly detailed below.

#### **1. Membership**

The Committee shall comprise of eight non-executive elected Members, and up to two Independent Persons. A quorum of at least three Councillors will be required at all meetings. The Independent Person(s) shall be a non-voting co-optee of the Committee. The Committee must remain apolitical, displaying unbiased attitudes, treating auditors, officers, the executive, and management equally. The Committee shall decide whether to co-opt one or two Independent Persons, taking into account the recommendations of the Monitoring Officer.

#### **2. Attendance by officers**

The Director of Finance (S151) or their nominated officer(s) and the designated Head of Internal Audit Service shall normally attend meetings. There is a standing invitation to the Council's appointed External Auditor to attend all meetings.

Other officers who will attend as required, including at the request of the Chair.

#### **3. Frequency of meetings and agendas**

Meetings shall be held not less than four times a year.

#### **4. Duties**

The duties of the Committee shall be as set out in the annexed schedule to these Terms of Reference.

To support and assist Committee members undertaking their duties and extending their knowledge, regular briefings or training will be provided by officers.

#### **5. Authority**

The Committee has the responsibilities detailed in Annex 1. The Committee is authorised by the Council to investigate any activity

within its terms of reference.

It is authorised to seek any information it requires from any officer and all officers are directed to co-operate with any request made by the Committee. The Chair will advise the Chief Operating Officer as the Head of Paid Service if it has exercised this authority to seek information (other than routine information) from any officer, setting out the information required and the circumstances underlying the request.

The Committee is authorised by the Council, if considered necessary, to secure the attendance of third parties with relevant experience and expertise provided that the Chair notify the Chief Operating Officer as the Head of Paid Service before any fees for such attendance is agreed.

## **6. Accountability**

The Committee will undertake an annual review of its effectiveness (including where it has added value and supported improvement).

The outcome of this annual review and the Committee's activity will be reported to the Council each year.

## **Duties of the Governance & Audit Committee**

### **1. Audit Framework**

#### **1.1 Internal Audit**

- To fulfil the role of 'the Board' for the purposes of the Public Sector Internal Audit Standards (the PSIAS).
- To review and approve: -
  - The Internal Audit Charter which defines the purpose of the internal audit function.
  - The risk-based internal audit plan, including resource requirements.
  - The Head of Internal Audit Service's annual report containing an opinion on the overall adequacy and effectiveness of the Council's control environment, and conformance to the PSIAS.
- To receive regular reports on progress against the internal audit plan, containing activity undertaken, summaries of key findings, issues of concern and action in hand.
- To review conformance to the principles of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, and to support any improvements required.
- To contribute to and support an external quality assessment of the internal audit function which is a requirement of PSIAS to take place at least once every five years.
- To review any proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

## **1.2 External Audit**

- To consider, comment upon and note the arrangements chosen by the Council to select and appoint its statutory external auditor.
- To review the External Auditor's disclosure of independence and objectivity. To satisfy itself that no issues with compliance with ethical standards or problems with audit quality have been raised.
- To consider and note the annual audit fees letter and the assumptions supporting the fees.
- To consider the scope and depth of all external audit plans, reports and audit risk assessments.
- To consider the External Auditor's ISA 260 Report to 'Those Charged with Governance'. This contains:
  - key findings arising from the audit of the Council's financial statements.
  - the Auditor's assessment of the Council's arrangements to secure value for money (VFM) in its use of resources; and
  - the requirement for members of the Committee to authorise the Director of Finance to sign the letter of representation to the External Auditor from the Council in connection with the audit of the Council's financial statements.
- To note the External Auditor's annual report on the claims and returns certified for the Council.
- To ensure that non-audit work by the External Auditor is in accordance with the Council's *Policy for Engagement of External Auditors for Non-Audit Work* and report any such instances to the Council.

## **2. Counter Fraud and Investigations**

- To review and approve, on a triennial basis (unless significant changes in legislation or circumstances dictate otherwise), the Council's policy and procedures for: -
  - Anti-Fraud (including Bribery and Corruption)
  - Disclosure (whistleblowing)
  - Money Laundering
- To note the outcomes of any review of the Council's conformance to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- To receive and note reports on the performance of the counter fraud function and outcomes from the Council's participation in the National Fraud Initiative (NFI).
- To consider regular reports on the Council's application of the Regulation of Investigatory Powers Act (RIPA) and the outcomes of any inspections and approve the adoption of any related policies.

## **3. Statutory Financial Reporting**

- To review and approve the annual statutory statement of accounts and the annual Letter of Representation on behalf of the Council.
- To bring to the attention of the Council any concerns arising from the financial statements or from the audit.
- To receive periodic reports providing updates on accounting and financial developments.

#### **4. Risk Management and Insurance**

To review and challenge the adequacy and effectiveness of the Council's overall risk management framework, specifically to: -

- i. Consider and approve, on an annual basis, the Council's Corporate Risk Management Policy Statement & Strategy.
- ii. Consider and approve, on an annual basis, the Council's Corporate Business Continuity Management Policy Statement and Strategy, ensuring it is compliant with the statutory duties required by the Civil Contingencies Act 2004 and continues to align to international and national standards and good practice guidelines.
- iii. Review reports in respect of the status of key current and emerging risks and internal controls relating to those risks, including the Operational and Strategic Risk Registers and partnerships with other organisations.
- iv. Receive and note the annual report on the Council's insurance arrangements and its claims performance.

#### **5. Governance and Assurance Frameworks**

To satisfy itself that the Council's assurance statement including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the Council's objectives. The Committee's responsibilities are to: -

- i. Review the adequacy of the Council's assurance framework through the annual review of its system of internal control.
- ii. Review and approve the Council's Local Code of Corporate Governance prepared in accordance with the CIPFA/SOLACE Good Governance Framework and the statutory requirement for producing an Annual Governance Statement.
- iii. Note any reports providing updates on assurance, risk or governance related developments

#### **6. Complaints**

- To consider an annual report on complaints, including the Local Government and Social Care Ombudsman's annual review letter and recommendation.
- To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, Acts, standards and controls.
- To consider ad-hoc LGSCO reports.
- To consider any findings or recommendations from the Housing Ombudsman

#### **7. Procurement**

- To receive and note the annual report setting out the Council's performance against the Procurement Plan and compliance with the Contract Procedure Rules (including data on waivers).
- To consider any proposals for changes to the Rules to be made to Full Council and to review any changes to the Rules made by the City

Barrister or any changes to thresholds.

- To seek assurance that the Council has appropriate arrangements to identify and manage risks, ensure good governance, and obtain assurance on compliance in its procurement activity.

### **8. Other Matters**

- To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.
- To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.