

## **Article 11 – The Governance and Audit Committee**

The Council will establish and maintain a Governance and Audit Committee.

### **11.1 Membership**

- (i) The Governance and Audit Committee will be composed of seven Councillors appointed annually at the Annual Council Meeting
- (ii) The Committee will comply with the Political Balance Rules in Section 15 of the Local Government and Housing Act 1989
- (iii) The Committee may appoint, as a co-opted member, an external appointee as a member of the Governance and Audit Committee with voting rights
- (iv) Membership of the Governance and Audit Committee will be subject to having the appropriate skill, experience and mandatory training set out at 11.4

### **11.2 Meetings of the Committee**

- (i) Meetings will take place at least five times per annum
- (ii) Additional meetings will be arranged as required to consider exceptional items, etc.
- (iii) Appropriate officers of the Council along with the appointed internal and external auditors will be included as regular attendees
- (iv) The committee, led by the chairman may request private meetings with both the internal and external auditors.

### **11.3 Chairman and Vice-Chairman**

- (i) At the Annual Meeting the Council shall appoint the Chairman and Vice-Chairman of the Governance and Audit Committee.
- (ii) If the Chairman or Vice-Chairman resigns by giving written notice of resignation to the Chief Executive, the committee shall, as the first item of business at the next ensuing meeting, elect a successor
- (iii) The Chairman if present, shall preside
- (iv) If the Chairman is absent, the Vice-Chairman shall preside
- (v) If the Chairman and Vice-Chairman are absent, the Committee shall elect one of the members present as Chairman of the meeting

## **11.4 Powers of Chairman and Vice-Chairman**

- (i) The Chairman and Vice-Chairman of a Committee (acting together as a Sub-committee) are authorised to give decisions on any matter
  - (a) Of a routine or straight-forward nature
  - (b) Which the Chairman and Vice-Chairman, after consultation with the Chief Executive or relevant Assistant Director most directly concerned, are satisfied should be dealt with as a matter of urgency
- (ii) Any decision taken under paragraph (i) above shall be reported by the officer concerned to the next meeting of the Committee
- (iii) No decision shall be taken under paragraph (i) which would constitute a departure from a settled strategy, policy or programme of the Council, nor outside the powers of the Committee concerned.

## **11.5 Terms of Reference**

Terms of Reference of the Governance and Audit Committee will be as follows:-

### **11.5.1 Audit Activity**

- (i) To approve the appointment of internal auditors
- (ii) To approve (but not direct) internal audit's strategy, plan and monitor performance
- (iii) To review internal audit progress reports outlining the main issues arising, paying particular attention to reports with limited assurance
- (iv) To review the status of agreed internal audit recommendations to ensure implementation by the due date
- (v) To receive the annual report and opinion of the Head of Internal Audit
- (vi) To consider the appointment of external auditors
- (vii) To consider and/or review the reports of external audit, including the audit plan, annual letter and certification of grants and returns, etc.
- (viii) To review the effectiveness of the relationship between internal audit and external audit and that the value of the audit process is actively promoted in line with the Accounts and Audit Regulations
- (ix) To meet in private with the internal and external auditors at least annual

### **11.5.2 Risk Management**

- (i) To approve the risk management strategy and framework
- (ii) To review the corporate risk register and other key risks (including partnerships) and seek assurances that appropriate mitigating action has been taken where necessary
- (iii) To approve the annual report on risk management activity and consider the effectiveness of the Council's overall arrangements for managing risk

### **11.5.3 Governance**

- (i) To approve the Annual Governance Statement and ensure that in-year assurance statements completed by officers properly reflect the risk and control environment and any actions required to improve it
- (ii) To approve the Code of Corporate Governance and action plan
- (iii) To review the effectiveness of the governance arrangements underpinning the establishment and maintenance of key partnerships
- (iv) To consider the outcome of a self-assessment of the effectiveness of the Committee's work (at least bi-annually)
- (v) To produce a Chairman's Annual Report on the activities of the Committee and present to Council

### **11.5.4 Regulatory Framework**

- (i) To review the Council's internal control policies – for example: Contract Procedure Rules, Financial Regulations, Codes of Conduct and customer feedback and any significant amendments or revisions to them
- (ii) To monitor, review and amend as appropriate the thresholds and limits contained in the Financial Regulations Guidance Notes
- (iii) To approve the Counter Fraud, Bribery and Corruption Framework, including Whistle-blowing Policy and Anti-Money Laundering Policy
- (iv) To monitor, review and amend as appropriate the Council's approved Treasury Management Strategy paying particular attention to the inherent risks of the prevailing economic/financial climate
- (v) To review the annual report on the effectiveness of the Council's Business Continuity arrangements

- (vi) To review the annual report on the effectiveness of the Council's Health and Safety arrangements
- (vii) To receive an annual report on the Council's involvement in safeguarding vulnerable adults and children
- (viii) To initiate inquiries on matters brought to the Committee's attention by the Chief Executive, Strategic Director, Assistant Director or any Council body

#### **11.5.5 Accounts and Financial Reporting**

- (i) To approve the annual statement of accounts and receive the external auditor's annual Governance Report on issues arising from the audit and the value for money opinion
- (ii) To approve the Annual Revenue and Capital Outturn report, including the movement of reserves
- (iii) To approve the Statement of Accounting Policies to be used in the production of the financial statements. In particular, to approve the underlying assumptions to be used to calculate International Accounting Standard (IAS) 19 pension figures in the statement of accounts
- (iv) To review and draw the attention of the Council to issues arising out of the financial statements and financial reports in accordance with the Local Government Act 2003

#### **11.5.6 Ombudsman**

- (i) To consider the Monitoring Officer's annual report on the outcome of Ombudsman enquiries
- (ii) To consider specific reports from the Ombudsman as required

### **11.6 Skills, experience and mandatory training required for Members of the Governance and Audit Committee**

#### **11.6.1 Skills**

- (i) Ability to question, probe and seek clarification about complex issues
- (ii) Ability to contribute to free and open discussions covering a wide range of governance, risk and audit issues
- (iii) Ability to work closely with internal and external audit whilst recognising the respective roles of auditors and management

### **11.6.2 Experience**

- (i) Familiar with the requirements of legislation and local arrangements for governance, including the role of this committee relative to the role of other committees of the Council.
- (ii) Familiar with the Council's core activities.
- (iii) Broad understanding of financial and accounting issues.
- (iv) Broad understanding of risk management and internal control.
- (v) Familiar with regulation and compliance.

### **11.6.3 Mandatory Training Requirements**

#### **a. Induction Training**

- (i) Role of the committee
- (ii) Terms of reference
- (iii) Time input required of members
- (iv) Overview of Council activities
- (v) Financial, risk and control environment.

#### **b. Specific Training**

- (i) Financial reporting, including the statutory timetable.
- (ii) Governance agenda, including the six core principles of good governance
- (iii) Understanding financial statements
- (iv) Regulatory framework
- (v) Role of internal and external audit
- (vi) Importance of risk management and internal control.
- (vii) Awareness of counter fraud, bribery and corruption framework.

### **11.7 Rules of Procedure**

The Rules of Procedure for the Governance and Audit Committee are the same as that for Council (Article 4) from Rule 4.5 excluding the following:

- Rule 4.7 Public Open Forum
- Rule 4.12 State of the District Debate
- Rule 4.18.2 Standing to speak are excluded.

### **11.8 Recorded Vote**

Before a vote is taken if 5 Members present at the meeting demand it, the names for and against a motion or amendment or abstaining from voting will be recorded and entered into the minutes.