

## **Audit and Governance Committee Terms of Reference**

3.3.1 The Audit Risk and Governance Committee has the following roles:

- a) To review and scrutinise the authority's accounting framework.
- b) To review and assess the authority's risk management, internal control and corporate governance arrangements.
- c) To review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the functions of the authority.
- d) To make reports and recommendations to the LCCA in relation to reviews conducted under paragraphs 3.3.1 (a) to (c) above.
- e) To require Members or Officers of the Combined Authority to attend before the Committee to answer questions on relevant items.

3.3.2 The following key audit functions sit within the responsibility of the Audit and Governance Committee:

- a) Approval of Accounts
  - Approve under delegated powers the annual Statement of Accounts for the LCCA.
- b) Governance, Risk and Control
  - Review corporate governance arrangements against the Code of Corporate Governance and the good governance framework.
  - Review the Annual Governance Statement (AGS) prior to approval to ensure it properly reflects the risk environment and supporting assurances.
  - Review the effectiveness of arrangements to secure value for money.
  - Ensure the assurance framework adequately addresses risks and priorities including governance arrangements in significant partnerships.
  - Monitor the LCCA's risk and performance management arrangements including review of the risk register, progress with mitigating action and the assurance map.
  - Consider reports on the effectiveness of internal controls.
  - Monitor the anti-fraud strategy, risk-assessment and any actions.
- c) Internal audit
  - Approve the Internal Audit Charter.
  - Oversee Internal Audit's effectiveness including strategy, planning and process and ensure conformance with Global Internal Audit Standards (GIAS) (formerly known as the Public Sector Internal Audit Standards (PSIAS)).
  - Approve (but not direct) the risk-based internal audit plan including resources, the reliability of other sources of assurance and any significant in-year changes.

- Consider reports and assurances from the Head of Audit and Assurance in relation to: -
    - Internal Audit performance including key findings and actions from audit assignments, significant non-conformance with GIAS and the Quality Assurance and Improvement Programme.
    - Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control.
    - Risk management and assurance mapping arrangements.
    - Progress to implement recommendations including concerns or where managers have accepted risks.
  - Consider and comment on the Chief Finance Officer's Annual Review of the Effectiveness of the System of Internal Audit.
  - Develop effective communication with the Head of Audit and Assurance and senior audit staff.
- d) External audit
- Consider reports including the Annual Audit Letter, assess the implications and monitor management's response to concerns.
  - Comment on the nature and scope of work to ensure it gives value for money.
  - Advise on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- e) Financial reporting
- Consider whether accounting policies were appropriately followed and any need to report concerns to the LCCA.
  - Consider any issues arising from the External Auditor's audit of the Statement of Account.
  - Ensure there is effective scrutiny of the Treasury Management strategy and policies in accordance with CIPFA's Code of Practice.
  - Make recommendations to the Section 73 Officer and Monitoring Officer in respect of Part 6 of the LCCA's Constitution (Financial Procedure Rules).
- f) Accountability arrangements
- Report annually the Committee's findings, conclusions and recommendations to the LCCA on the effectiveness of governance, risk management and internal controls, financial reporting and internal and external audit functions.

3.3.3 The following key member conduct and ethical standards functions sit within the responsibility of the Audit and Governance Committee:

- a) Conduct and ethical standards
- to promote and maintain high standards of conduct by LCCA Members and co-opted members of the LCCA's committees;

- to advise the LCCA on the adoption, revision or replacement of the Code of Conduct for Members and arrangements for Dealing with Complaints under the Code
- to monitor the operation of the LCCA's Code of Conduct for Members;
- to provide advice on training to LCCA Members and co-opted members on matters relating to the Code of Conduct for Members and other issues relating to standards and conduct;
- to determine in accordance with the LCCA's arrangements whether a LCCA Member or voting co-opted member has failed to comply with the LCCA's Code of Conduct for Members and, if so, to determine what action (if any) to take, in line with the agreed arrangements for the consideration of complaints;
- to determine appeals against the LCCA Monitoring Officer's decision on the grant of dispensations;
- to report from time to time to the LCCA on ethical governance within the LCCA.
- to overview the LCCA's whistleblowing policy;
- to consider the LCCA's Code of Corporate Governance

b) Delegation

- The Audit and Governance Committee may appoint one or more subcommittees for the purpose of discharging any of the Committee's functions. Any such sub-committee shall be chaired as determined by the Committee and shall have a quorum of three, except in relation to the standards issues referred to in relevant parts of (a) above.
- In respect of those relevant parts of (a) above, the quorum will be four, of whom at least one member must be the Co-opted Independent Standards Member (provided that the Co-opted Independent Standards Member is not prevented or restricted from participating by virtue of the LCCA's Code of Conduct)