

Current Terms of Reference**Attachment 1 - Appendix 1****Audit and Governance Committee**

To advise on the adequacy and effectiveness of the Council's corporate governance arrangements and internal control environment.

Governance, Risk and Control

1. Monitor the adequacy and effectiveness of the Council's governance arrangements including:
- Monitoring the effectiveness of the Chief Officer's responsibility for ensuring an adequate internal control environment;
 - Monitoring the arrangements for the identification, monitoring and control of strategic and operational risk within the Council;
 - Monitoring the adequacy and effectiveness of the arrangements in place for combating fraud and corruption;
 - Providing an annual report to Council that its systems of governance are operating effectively, which includes the Committee's performance in relation to their terms of reference;
 - Reviewing and approving the annual Statement of Accounts, Annual Governance Statement and its associated assurance framework;
 - Considering the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements;
 - Ensuring that the Chief Internal Auditor has the right of independent access to the Committee and its Chair;
 - Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice;
 - Considering and advising changes to the Council's Constitution in respect of Contract Standing Orders and Financial Regulations;
 - Formulating and keeping under review a Code of Conduct to promote high ethical standards amongst Officers and doing anything that is considered to promote and maintain high standards of conduct by Officers;
 - Formulating and keeping under review the Council's 'whistle-blowing' policy; and
 - Formulating and keeping under review the Council's arrangements for handling complaints and investigations by the Local Government Ombudsman.

Ethics and Behaviours

2. To promote, maintain and assist the achievement of high standards of conduct by Councillors and co-opted members in accordance with the Council's Code of Conduct for Members.
- To monitor the operation of the Code of Conduct for Members;
 - To advise the Council on any amendment or revision of the Code;
 - To secure adequate and appropriate training of Councillors and co-opted Members on the Code of Conduct for Members;
 - To give general guidance and advice to Councillors on Members' interests and keep under review the Register of Members' Interests

	<p>maintained by the Monitoring Officer; and</p> <ul style="list-style-type: none"> • To give general guidance and advice to Councillors and employees on gifts and hospitality.
External Audit	
3.	<p>Monitor the adequacy and effectiveness of the Council's external audit service and respond to its findings. Specifically:</p> <ul style="list-style-type: none"> • Considering the appointment, nature and scope of the external audit of the Council's services and functions; • Receiving and considering all external audit reports including the annual plan, annual audit letter and governance report; and • Monitoring management's response to the external auditor's findings and the implementation of external audit recommendations.
Internal Audit	
4.	<p>Monitor the adequacy and effectiveness of the Internal Audit service. Specifically:</p> <ul style="list-style-type: none"> • Approving the internal audit charter; • Approving the annual risk based internal audit plan; • Receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion; • Receiving and considering major Internal Audit findings and recommendations; • Monitoring management's response to Internal Audit findings and the implementation of the recommendations; • Making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; • Agreeing the scope and form of the external assessment as part of the quality assurance and improvement programme; • Receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance with professional standards; and • Approving significant consulting services not already included in the audit plan, prior to acceptance of the engagement, if this materially impacts on core assurance activity.
Constitution	
5.	<p>To grant dispensations to Councillors and co-opted Members related to interests specified in the Code of Conduct for Members following written requests to the proper officer (Chief Executive) by a Member or Co-opted Member under section 33 of the Localism Act 2011, when the Council:</p> <ul style="list-style-type: none"> • Considers that granting the dispensation is in the interests of persons living in the authority's area;

	<ul style="list-style-type: none">• Considers that it is otherwise appropriate to grant a dispensation; and• Considers appeals against decisions made by the Monitoring Officer in exercise of their dispensation powers.
Hearings Panel	
6.	To establish a Hearings Panel to make recommendations to Council on the appointment of an Independent Person to hear allegations that Members have failed to comply with the Member's Code of Conduct. Specifically to: <ul style="list-style-type: none">• Assess and review allegations of Member misconduct; and• Determine allegations of Member misconduct.
Powers	
7.	<ul style="list-style-type: none">• The Committee has the right to require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration;• To review any issues referred to it by the Head of Paid Service, a Corporate Director or any Council body; and• The power to call expert witnesses from outside the Council to give advice on matters under review or discussion.

Statement of Purpose	
<p>The Audit and Governance Committee is a key component of the Council's corporate governance structure ensuring compliance and maintenance of high ethical standards. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.</p>	
<p>The purpose of the Committee is to provide independent assurance to Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.</p>	
<p>The Chair of the Audit and Governance Committee shall not be a member of the political group or groups forming the administration.</p>	
<p>Membership of the Committee shall include an independent co-opted Member who shall not be either a councillor or an officer of the Council.</p>	
Governance, Risk and Control	
1.	<ul style="list-style-type: none"> • To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local Code of Corporate Governance. • To review and approve the Annual Governance Statement (AGS) and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. • To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements. • To consider the council's framework of assurance i.e. the Three Lines of Defence model. • Undertaking regular review and monitoring of the Council's treasury management policies and practices. • To monitor the effective development and operation of risk management in the Council and to monitor progress in addressing risk-related issues reported to the Committee. • To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. • To review the governance and assurance arrangements for significant partnerships or collaborations. • To review the assessment of fraud risks and potential harm to the Council from fraud and corruption. • To monitor the counter-fraud strategy, actions and resources.

	<ul style="list-style-type: none"> • Keeping under review a Code of Conduct to promote high ethical standards amongst Officers and doing anything that is calculated to promote and maintain high standards of conduct by Officers. • Keeping under review the Council's 'whistle-blowing' policy. • Considering and advising changes to the Council's Constitution in respect of Contract Standing Orders and Financial Regulations; • Keeping under review the Council's arrangements for handling complaints and investigations by the Local Government Ombudsman.
External Audit	
2.	<ul style="list-style-type: none"> • 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 Public Sector Audit Appointments Ltd (PSAA) or the authority's auditor panel as appropriate. • To consider the external auditor's annual letter, relevant reports and the report to those charged with governance. • To monitor management's response to the External Auditor's findings and the implementation of External Audit recommendations. • To commission work from internal and external audit and to advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
Internal Audit	
3.	<ul style="list-style-type: none"> • To approve the Internal Audit Charter and Code of Ethics. • To review proposals made in relation to the appointment of external providers of internal audit services. • To review and approve the risk-based internal audit plan. • To approve significant interim changes to the risk-based internal audit plan and resource requirements, including significant consulting services not already included in the audit plan, prior to acceptance of the engagement, if this materially impacts on core assurance activity. • To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations. • To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments. • To contribute to the Quality Assurance Improvement Programme (QAIP) and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

	<ul style="list-style-type: none"> • 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. • To consider the Head of Internal Audit's annual report and 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, this will support the AGS. • 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. • To provide free and unfettered access to the Audit and Governance Committee chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.
Financial Reporting	
4.	<ul style="list-style-type: none"> • 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. • To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
Constitution / Ethical Conduct and Behaviours	
5.	<p>To promote, maintain and assist the achievement of high standards of conduct by Councillors and co-opted members in accordance with the Council's Code of Conduct for Members.</p> <ul style="list-style-type: none"> • To monitor the operation of the Code of Conduct for Members; • To advise the Council on any amendment or revision of the Code; • To secure adequate and appropriate training of Councillors and co-opted Members on the Code of Conduct for Members; • To give general guidance and advice to Councillors on Members' interests and keep under review the Register of Members' Interests maintained by the Monitoring Officer; and • To give general guidance and advice to Councillors and employees on gifts and hospitality. <p>To grant dispensations to Councillors and co-opted Members related to interests specified in the Code of Conduct for Members following written requests to the proper officer (Managing Director) by a Member or Co-opted Member under section 33 of the Localism Act 2011, when the Council:</p> <ul style="list-style-type: none"> • Considers that granting the dispensation is in the interests of persons living in the authority's area; • Considers that it is otherwise appropriate to grant a dispensation; and

	<ul style="list-style-type: none"> • Considers appeals against decisions made by the Monitoring Officer in exercise of their dispensation powers.
Hearings Panel	
6.	<p>To establish a Hearings Panel to make recommendations to Council on the appointment of an Independent Person to hear allegations that Members have failed to comply with the Member's Code of Conduct. Specifically to:</p> <ul style="list-style-type: none"> • Assess and review allegations of Member misconduct; and • Determine allegations of Member misconduct.
Accountability Arrangements and Powers	
7.	<ul style="list-style-type: none"> • 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. • 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. • To publish an annual report on the work of the Committee. • The Committee has the right to require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration. In addition, the Committee has clear rights of access to other committees/functions, for example, scrutiny and service committees, risk management group and other strategic groups. • To review any issues referred to it by the Head of Paid Service, a Corporate Director or any Council body. • The power to call expert witnesses from outside the Council to give advice on matters under review or discussion. • To attend training sessions relevant to the Committee's role.