

## 7. Audit and Governance Committee

### Statement of purpose

- 7.1. The Audit and Governance Committee is a committee appointed by the Broads Authority with the functions set out within the following paragraphs.
- 7.2. The Audit and Governance Committee is a key component of the Authority's corporate governance framework. It provides an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards.
- 7.3. The purpose of the Audit and Governance Committee is to provide independent assurance to the Authority's members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Authority'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.

Note: The appointment of auditors has been delegated to the Director of Finance.

- 7.4. In discharging its responsibilities, the Audit and Governance Committee has unrestricted access to officers and relevant information necessary to discharge its duties.

### Governance, risk and control

- 7.5. To review the Authority's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 7.6. To review the Annual Governance Statement (AGS) prior to the Authority's approval, and consider whether it properly reflects the risk environment and supporting assurances. This review will take into account internal audit's opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.
- 7.7. To consider and approve reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- 7.8. To consider the Authority's arrangements to secure value for money and to review assurances and assessments on the effectiveness of these arrangements.
- 7.9. To consider the Authority's Corporate Risk Register to ensure that it adequately addresses the Authority's risks and priorities.
- 7.10. To monitor the effective development and operation of risk management in the Authority.

- 7.11. To monitor progress in addressing risk-related issues reported to the committee and to seek assurance that risks are being managed appropriately and are using good practice.
- 7.12. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 7.13. To review the assessment of fraud risks and potential harm to the Authority from fraud and corruption.
- 7.14. To monitor and approve: the financial regulations, standing orders relating to contracts, procurement strategy and the counter-fraud, corruption and bribery strategy.
- 7.15. To review the governance and assurance arrangements for significant partnerships or collaborations.
- 7.16. To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of non-compliance.
- 7.17. To be the formal committee for dealing with members' concerns about governance issues at the Authority.
- 7.18. To consider and make recommendations about members' concerns regarding governance processes within the Authority. Such concerns to be raised in the first instance with the Monitoring Officer or Deputy Monitoring Officer.
- 7.19. To have general oversight of the Authority's governance arrangements.

#### **Internal audit**

- 7.20. To review and approve the internal audit charter.
- 7.21. To review proposals made in relation to the appointment of external providers of internal audit services, and to make recommendations.
- 7.22. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance, and any work required to place reliance upon those other sources.
- 7.23. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 7.24. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 7.25. 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.

- 7.26. 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. These will include:
- i. updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
  - ii. regular reports on the results of the Quality Assurance and Improvement Programme (QAIP)
  - iii. 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 that it must be included in the AGS.
- 7.27. To consider the head of internal audit's annual report:
- i. The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
  - ii. The opinion on the overall adequacy and effectiveness of the authority's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- 7.28. To consider summaries of specific internal audit reports as requested.
- 7.29. 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.
- 7.30. 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.
- 7.31. 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.
- 7.32. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

### **External audit**

- 7.33. 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 PSAA or the authority's auditor panel as appropriate.
- 7.34. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

- 7.35. To consider specific reports as agreed with the external auditor.
- 7.36. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 7.37. To commission work from internal and external audit.
- 7.38. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- 7.39. To obtain reasonable assurance that management has acted on the results and recommendations of external audit engagements.

### **Financial reporting**

- 7.40. To monitor and oversee the Authority's medium-term financial planning, including the annual business plan.
- 7.41. To review 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 Authority's attention.
- 7.42. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Treasury management**

- 7.43. To monitor and review the treasury management policy and procedures to be satisfied that controls are satisfactory. This includes receiving regular reports on activities, issues and trends to support the committee's understanding of treasury management activities.
- 7.44. To review the Treasury and Investment Strategy prior to the Authority's approval.

### **Accountability arrangements**

- 7.45. To report to the Authority annually on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of its governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

### **Miscellaneous**

- 7.46. To determine any ex-gratia, severance or honoraria payments to staff that are not within the scope of powers delegated to the Chief Executive, up to a maximum of £50,000 per event.
- 7.47. Members of the Audit and Governance Committee shall receive formal training on the purpose and mandate of the committee, and any areas deemed necessary to assist in the discharge of the committee's duties.