

Article 10 – The Audit and Governance Committee

1.0 Objectives of the Audit and Governance Committee

~~1.1. The Council has established an Audit and Governance Committee.~~

~~1.1. To provide independent assurance of the adequacy of the governance, risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects governance and to oversee the financial reporting process. The committee has oversight of both internal and external audit, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.~~

2.0 Training

~~2.1. Prior to holding a seat on this committee, all members are required to undertake relevant training which will continue on an annual basis.~~

2.03.0 Composition

Membership

~~2.1.3.1. The Audit and Governance Committee comprises:~~

- ~~(i) 5 Councillors; and~~
- ~~(ii) Up to 2 Independent non-voting Members.~~

Independent Members

~~2.2.3.2. The Independent ~~Co-opted~~ Members shall be appointed by the Council for an initial term of office of four years ~~with serving independent members being eligible for re-appointment one further term of four years which may be extended with the agreement of the Council.~~~~

~~2.3.3.3. The Independent Member role is advisory and is to support the Council's Audit and Governance Committee in its role to provide independent assurance to the members of Woking Borough Council and its wider citizens and stakeholders.~~

~~2.4.3.4. At the end of the term of office, (through lapse of time, removal, or by choice of the Independent Member concerned), the Council will invite applications from the general public for appointment as Independent ~~Co-opted~~ Members of the Audit and Governance Committee.~~

~~2.5.3.5. To be eligible for appointment, candidates must not be engaged in party political activity, or have been at any time in the preceding five years, a Councillor or Officer of Woking Borough Council or be a relative or close friend of a Councillor or Officer of the Council.~~

~~2.6.3.6. Ideally candidates will have significant experience of working at a senior level in a large, complex organisation and have a very good understanding of strategic or financial management or have sat previously on an Audit Committee.~~

~~2.7.3.7.~~ The Monitoring Officer and Strategic Director of Finance shall short-list candidates and invite them for interview by a panel comprising two elected members of the ~~Governance and Audit and Audit Governance~~ Committee, the Monitoring Officer, and ~~Chief Finance Officer~~ Strategic Director of Finance. The recommendations of the panel, as to the appointment of Independent ~~co-opted~~ Members, shall be referred to Full Council for approval.

~~2.8.3.8.~~ Independent Members will be expected to actively participate in meetings of the Audit and Governance Committee and demonstrate independence, integrity, objectivity and impartiality in their decision-making. They will support reporting as required to Full Council, including the Annual Audit Committee report.

3.9. Independent Members will contribute to the work of the Audit and Governance Committee in its objectives as set out in paragraph 1.

Chair and Vice Chair

~~2.9.3.10.~~ The Committee may be chaired by an Independent Member or an elected member Chair shall be filled by an independent ~~co-opted member~~. In the absence of the Chair, a meeting of the Committee shall be chaired by the Vice-Chair.

3.11. The Vice Chair shall be an elected Member appointed to the Committee whose purpose will be to support the Chair and in the event of an equality of votes and the Chair of the Committee is an Independent Member, to exercise a casting vote.

Quorum

3.12 That the quorum of the meeting shall be there (3) elected members.

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Votes

~~The Independent Member role is advisory, and they may not vIn the case of an equality of votes, the Vice Chair may exercise a second or casting vote.~~

3.04.0 Role and Function

~~3.1. The Committee is a key component of the Council's Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.~~

~~3.2.4.1. The purpose of the Committee is to provide independent assurance to Councillors 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~~ The Committee may review matters of the Shareholder Executive Committee in respect of audit, performance, and risk as well as ethical practices. Equally, the Shareholder Executive Committee ("SEC") may refer matters to the Audit and Governance Committee.

3.3.4.2. The Committee oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

~~3.4.4.3.~~ The Committee promotes high standards of conduct by Councillors and co-opted members and oversees the arrangements for dealing with allegations of misconduct including the Members Code of Conduct.

~~3.5.4.4.~~ The ~~Audit and Governance Committee will have the following~~ roles and functions of the Audit and Governance Committee are set out below:

5. Framework

5.1 To have oversight of, and help officers to, ensure robust governance and accountability arrangements.

5.2 To oversee the Council's Risk Management, Anti-Fraud and Whistleblowing strategies, and Health and Safety policies and practices

5.3 To review the governance arrangements for the Council's Treasury Management and borrowing arrangements delegated to the **Strategic** Director of Finance (to complement the role of Scrutiny in receiving Treasury Management performance and prudential indicators)

5.4 To rReview the Annual Governance Statement 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.

6. — Financial Reporting

~~6.1 Review and approve the Annual Statement of Accounts. To that end, to ensure appropriate accounting policies have been followed with associated governance, accounting, and policy documents in accordance with the Accounts and Audit Regulations 2015 [as may be amended from time to time]; To monitor and ensure that the Council's system of financial reporting is adequate and robust~~

~~6.2 To review and recommend to Full Council the approval of 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.~~

~~6.3 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.~~

~~6.4 To consider reports on the effectiveness of financial management arrangements including compliance with CIPFA's¹ Financial Management Code.~~

~~6.5 Ensure~~ To provide comments on the adequate resources ~~are~~ in place to support the maintenance of effective arrangements for financial reporting;

6.6 To hhave oversight of payments in cases of maladministration which are neither disputed nor significant (which are dealt with by the Monitoring Officer).

~~Periodically review the Council's Treasury Management strategy and activity reports~~

7. Audit role

¹ Chartered Institute of Public Finance and Accountancy

- 7.1 To consider the annual report and opinion of the Strategic Director of Finance and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- 7.2 To approve the internal audit charter.
- 7.3 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 7.4 To consider specific internal audit reports as requested.
- 7.5 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
- 7.6 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 7.7 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.
- 7.8 To consider the Head of Internal Audit's annual report, including:
 - the statement of the level of conformance with the public sector internal audit standard and Local Governance Application Note and the results of the Quality Assurance and Improvement Panel that support the statement (these will indicate the reliability of the conclusions of internal audit)
 - 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 (these will assist the committee in reviewing the Annual Governance Statement).
- 7.9 To consider reports dealing with the management and performance of the providers of internal audit services.
- 7.10 To consider reports where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns that agreed recommendations have not been implemented within a reasonable timescale.
- 7.11 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 7.12 To consider any impairments to the independence or objectivity of the Head of Internal Audit arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- 7.13 To contribute to the Quality Assurance and Improvement Panel and in particular to the external quality assessment of internal audit that takes place at least once every five years.
- 7.14 To consider a report on the effectiveness of internal audit to support the Annual Governance Statement where required to do so by the accounts and audit regulations

7.15 To provide the Head of Internal Audit and external auditors with free and unfettered access to the AGC Chair of the Committee, including the opportunity for a private meeting with the committee.

7.16 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 or the authority's auditor panel as appropriate.

7.17 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

7.18 To consider specific reports as agreed with the external auditor.

7.19 To comment on the scope and depth of external audit work and to ensure it gives value for money.

7.20 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

7.21 To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

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7.22 To liaise with the Public Sector Audit Appointments over the appointment of the Council's external auditor.

7.23~~4~~ To commission work from internal and external audit.

7.24 To ensure that there are effective relationships between Internal and External Audit and promote the value of the audit process; and

7.25~~6~~ To have oversight of the Council's responses to recommendations of assurance providers.

8. —Regulatory Framework

8.1 To review any issue referred to it by the Chief Executive or a Director, or any Council body.

8.2 To monitor the effective development and operation of risk management in the Council.

8.3 To monitor Council policies on "raising concerns at work", the anti-fraud and anti-corruption strategy, the Council's complaints process and review the assessment of fraud risk and potential harm to the council from fraud and corruption.

8.4 To oversee the production of the authority's Annual Governance Statement prior to recommending its adoption and consider whether it properly reflects the risk environment and supporting assurances, including the Head of Internal Audit's annual opinion.

8.5 To consider whether the annual evaluation for the Annual Governance Statement fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

8.6 To review the Council's arrangements for corporate governance against the good governance framework, including the ethical framework and agree necessary actions to ensure compliance with best practice and consider the local code of governance.

8.7 To review the Council's Risk Management Policy, Strategic Risk Register and assurance and risk management processes.

8.8 To consider regular reports so as to ensure that the Committee remains aware of any changes to the Council's risk profile and remain assured that active arrangements are in hand for all identified risk-related issues, for both the Council and any and all of its "collaborative arrangements". This specifically includes receiving information on all material changes to the Council's Strategic Risk Policy.

~~7 — 9consider summary Internal Audit reports (located on the intranet);~~

~~8 — consider a half yearly and annual report from the Chief Internal Auditor on the work of Internal Audit;~~

~~9 — review appropriate matters of concern raised by either External or Internal Audit or other agencies;~~

~~10 — ensure that there are effective relationships between Internal and External Audit and promote the value of the audit process; and~~

~~11 — have oversight of the Council's responses to recommendations of assurance providers.~~

9. — Standards

9.1 To promote and maintain high standards of conduct by Councillors and co-opted members in accordance with ~~Sections 26-37 of~~ the Localism Act 2011;

9.2 To advise the Council on the adoption or revision of the Members' Code of Conduct;

9.3 To monitor the operation of the Members' Code of Conduct;

9.4 To determine allegations that there has been a breach of the Members' Code of Conduct in accordance with arrangements adopted by Council;

10. Standards Panel

10.1 The Committee has established the Standards Panel. The Panel comprises the number of Councillors as determined by Council at the start of each Municipal Year and an Independent Member.

10.2 A substitute for each Councillor member of the Panel shall be appointed. A substitute may attend any meeting of the Panel, with all the powers of the appointed Councillor member in the event that the appointed Councillor member is unable to attend a particular meeting.

10.3 Quorum at a meeting of the Panel will be 3 appointed Councillor members, or their substitutes, and the Independent Member.

| 11.4 The Panel will be chaired by an Independent Member. The Independent Member is not entitled to vote at meetings. In the case of an equality of votes, the Vice-Chair may exercise a second or casting vote.

| 11.5 The Panel will act on the Committee's behalf in determining allegations that there has been a breach of the Members' Code of Conduct in accordance with arrangements adopted by Council.