

# 3.5D. Audit & Governance Committee

## Terms of Reference

This is a regulatory committee to the Combined County Authority; these are Committees that the Combined County Authority must have by law.

The function of the Audit & Governance Committee is to:

- review and scrutinise the Combined County Authority's financial affairs
- review and assess the Combined County Authority's risk management, internal control and corporate governance arrangements
- review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the Combined County Authority's functions
- make reports and recommendations to the Combined County Authority in relation to reviews conducted under paratha bullets above
- implement the obligation to ensure high standards of conduct amongst Members.

The Combined County Authority must appoint an Audit Committee whose proceedings shall operate in accordance with these terms of reference and the Scrutiny Standing Orders detailed in **Part 4** of the Constitution.

## Membership

The membership of the Overview & Scrutiny Committee shall consist of:

### Voting Membership:

- Independent Chair
- 2 representatives from each Constituent Authority

### Non-Voting Membership

- District & Borough representatives appointed by D2 Senior Leadership Board x 2
- District & Borough representatives appointed by N2 Economic Prosperity Committee x 2
- Independent Person (at least 1)

In appointing members to the Audit and Governance Committee the Combined County Authority must ensure that the members of the committee taken as a whole reflect so far as reasonably

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practicable the balance of political parties for the time being prevailing among members of the Constituent Councils when taken together.

For the purposes of political balance considerations, the members of the committee as a whole refer to the voting members of the Committee with the exception of the Independent Chair.

### **Chairing the Committee**

The Combined County Authority has resolved that the Chair of the Committee will be an Independent Member.

The Committee will appoint a Vice-Chair from amongst its membership.

In the absence of the appointed Chair and Vice-Chair, the Committee will appoint a Chair for the meeting.

### **Quorum**

The quorum will be two thirds of voting members of the Committee (6 members)

### **Voting**

Any matters that are to be decided by the Committee are to be decided by consensus of the Committee where possible.

When a vote is required, only voting members of the Committee will be entitled to vote at meetings, the Chair does not exercise a casting vote as they are a non-voting member of the Committee.

### **Frequency**

There will be a minimum of four Audit & Governance Committee meetings each municipal year, meetings shall be held in public with provision for Public Forum.

### **Audit & Governance Committee Sub-Committee for Code of Conduct Matters**

The Committee will appoint a sub-committee that will be chaired by the Independent Chair consist of a representative from each constituent council to consider and determine any allegation of failing to comply with the Code of Conduct in accordance with the arrangements for investigating and making decisions about allegations of failing to comply with the Code.

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## Functions

The Audit and Governance Committee shall undertake the following for the Combined County Authority:

### Accounts

- Approve the annual statement of accounts.
- Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances.
- Recommend Treasury Management Policy to Board for approval
- Recommend Procurement Policy to Board for approval

### Governance

- Provide oversight to the Monitoring Officer on matters of governance and assurance
- Review corporate governance arrangements against the good governance framework.
- Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances.
- Annually review the assurance framework to ensure it adequately addresses risks and priorities including governance arrangements of significant partnerships.
- Monitor the Combined County Authority's risk and performance management arrangements including reviewing the risk register, progress with mitigating actions and assurances.
- Monitor the anti-fraud and whistle blowing policies and the complaint process.
- Support the Monitoring Officer as required in amending the constitution.

### Internal Audit

- The Combined County Authority must appoint a Local Auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.
  - Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners.
  - Review internal audit requirements undertaken by the Combined County Authority
  - Approve the internal audit plan.
  - Consider reports and assurances from the Chief Finance Officer in relation to:
    - i. Internal Audit performance;
    - ii. Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
    - iii. Risk management and assurance mapping arrangement;
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- iv. Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.

#### External Audit

- The Combined County Authority must appoint a Local Auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.
- Review the annual accounts.
- Consider the annual external audit of the Combined County Authority's accounts, including the Annual Audit Letter and assessing the implications and monitoring managers' response to concerns.

#### Financial Reporting

- Consider whether accounting policies were appropriately followed and any need to report concerns to the Combined County Authority Board.
- Consider any issues arising from External Auditor's audit of the account.
- Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with [CIPFA's Code of Practice](#).
- Maintain an overview of the Combined County Authority's Constitution in respect of contract procedure rules, financial regulations and standards of conduct and make recommendations to the Chief Finance Officer and Monitoring Officer where necessary.

#### Code of Conduct

- Recommend Member and Officer Code of Conducts to Board for approval
- Ensure the Combined County Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members.
- Assisting the Members and Co-opted Members to observe the Code of Conduct.
- Advising the Combined County Authority on the adoption or revision of the Code of Conduct and monitor its operation.
- Advising on training and overseeing the effectiveness of any training for Members and Co-opted Members on matters relating to the Code of Conduct.

#### General

- To review any issue referred to the Committee by the Chief Executive, Directors, s73 Officer, the Monitoring Officer or any Combined County Authority Member.
  - Report and make recommendations to the Combined County Authority in relation to the above.
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The Committee may appoint one or more sub-committees for the purpose of discharging any of the Committee's functions.

## Review

The terms of reference are to be reviewed on an annual basis by the Audit & Governance Committee

The role and arrangements of the Audit & Governance Committee will be reviewed on an annual basis by the Combined County Authority

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