

## CHAPTER 13: THE AUDIT & GOVERNANCE COMMITTEE

### 13.1 Governance

13.1.1 The Combined Authority has appointed an Audit and Governance Committee. The committee is a statutory, non-executive committee.

### 13.2 Functions

13.2.1 The Audit and Governance Committee shall have the following statutory powers to:

- (a) review and scrutinise the authority's financial affairs;
- (b) review and assess the authority's risk management, internal control and corporate governance arrangements;
- (c) review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions; and
- (d) make reports and recommendations to the Combined Authority in relation to reviews conducted under paragraphs (a) (b) and (c);
- (e) implement the obligation to ensure high standards of conduct amongst Members.

### 13.3 Terms of Reference

13.3.1 The Audit and Governance Committee shall undertake the following for both the Combined Authority and the Business Board:

#### Accounts

13.3.2 Approve the annual statement of accounts.

#### Governance

13.3.3 Review corporate governance arrangements against the good governance framework.

13.3.4 Review the Annual Governance Statement prior to approval to ensure it properly

reflects the risk environment and supporting assurances.

- 13.3.5 Annually review the assurance framework to ensure it adequately addresses risks and priorities including governance arrangements of significant partnerships.
- 13.3.6 Monitor the Authority's risk and performance management arrangements including reviewing the risk register, progress with mitigating actions and assurances.
- 13.3.7 Monitor the anti-fraud and whistle blowing policies and the complaint process.

#### Internal Audit

- 13.3.8 Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners.
- 13.3.9 Review internal audit requirements undertaken by the Combined Authority.
- 13.3.10 Approve the internal audit plan.
- 13.3.11 Consider reports and assurances from the Chief Finance Officer in relation to:
  - (a) Internal Audit performance;
  - (b) Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
  - (c) Risk management and assurance mapping arrangement;
  - (d) Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.

#### External Audit

- 13.3.12 Review the annual accounts.
- 13.3.13 Consider the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter and assessing the implications and monitoring managers' response to concerns.

#### Financial Reporting

- 13.3.14 Consider whether accounting policies were appropriately followed and any need to report concerns to the Combined Authority Board.
- 13.3.15 Consider any issues arising from External Auditor's audit of the account.
- 13.3.16 Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with [CIPFA's Code of Practice](#).
- 13.3.17 Maintain an overview of the Council'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

- 13.3.18 Ensure the Combined Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members.
- 13.3.19 Assisting the Members and Co-opted Members to observe the Code of Conduct.
- 13.3.20 Advising the Combined Authority on the adoption or revision of the Code of Conduct and monitor its operation.
- 13.3.21 Advising on training and overseeing the effectiveness of any training for Members and Co-opted Members on matters relating to the Code of Conduct.

#### Subsidiary Companies of the Combined Authority

- 13.3.22 Assisting the Combined Authority in fulfilling its oversight responsibilities in relation to reviewing and monitoring activity of the trading companies.
- 13.3.23 Advising the Combined Authority Board on any matters within the Committee's powers pertaining to the trading companies.
- 13.3.24 Providing appropriate review and challenge of the Combined Authority's governance arrangements of its trading companies and its appointments to the boards of the companies.
- 13.3.25 Providing appropriate review and challenge on the financial information provided to the Combined Authority by the trading companies.
- 13.3.26 Commissioning, where appropriate, the Combined Authority's internal audit function to undertake discrete activity relating to the Authority's governance of its trading companies.

#### General

- 13.3.27 To review any issue referred to the Committee by the Chief Executive, Directors, s73 Officer, Monitoring Officer or any Combined Authority Member. An issue may be referred to the Audit and Governance Committee by notifying the Monitoring Officer at least seven working days before an Audit & Governance meeting. The Chair of the Audit & Governance committee will be informed of the referral following which the Chair would decide whether the issue falls within the remit of the Audit & Governance Committee and additionally decide at which meeting the issue will be discussed.
- 13.3.28 Report and make recommendations to the Combined Authority in relation to the above.

### 13.4 Membership

- 13.4.1 The Combined Authority Board shall decide the size and membership of the Audit and Governance Committee and shall include one Independent Person.
- 13.4.2 In appointing Members to the Committee, the Combined Authority Board must ensure that the Members of the Committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among Members of the Constituent Councils when taken together.
- 13.4.3 The Committee may not include any Officer of the Combined Authority or of a constituent council.
- 13.4.4 The Combined Authority Board shall appoint at least one Substitute Member from each constituent council.
- 13.4.5 At the beginning of each municipal year the Committee may appoint an independent member subject to a resolution agreed by simple majority.
- 13.4.5.1 A co-opted independent member is a committee member who does not represent any political party or constituent authority for the purposes of the Audit and Governance committee but recruited to join the committee from a Constituent Council.
- 13.4.5.2 The role description of an independent member of Audit Committee is the same as for an elected member with the only substantial difference being around decision making responsibilities. An independent member cannot vote so will not be able to take part in the decision although they can actively contribute to the discussions leading up to the vote. The objective of including such members is to increase the knowledge and experience base of the committee, reinforcing its independence.
- 13.4.5.3 The appointed independent co-opted member will not have voting rights. Therefore, their involvement on the Committee will be in a consultative manner, with their views being taken into account by voting members of the Committee.
- 13.4.5.4 The Audit and Governance committee has authority to determine the process for recruiting and appointing a co-optee and substitute.
- 13.4.6 The Monitoring Officer has delegated authority to accept changes to membership of committees notified by constituent councils during the municipal year to ensure there is a full complement of members or substitute members at committee meetings.

### 13.5 Chair and Vice-Chair

- 13.5.1 The Combined Authority Board shall appoint the Chair and Vice-Chair.
- 13.5.2 The Independent Member should be designated as Chair of the Audit and Governance Committee.
- 13.5.3 The Vice-Chair of the Committee should be chosen by the Committee, at its first meeting each Civic Year.

## 13.6 Sub-Committees

- 13.6.1 The Committee may appoint one or more sub-committees and arrange for the discharge of any of its functions by any such sub-committee.
- 13.6.2 The Committee shall appoint a hearings panel to hear any complaints where the Member is alleged to have breached the Code of Conduct.

## 13.7 Hearing Panel (Sub-Committee to the Audit & Governance Committee)

- 13.7.1 The Hearings Panel is a Sub-Committee of the Audit and Governance Committee.
- 13.7.2 The Panel has the following functions:

- (a) When matters are referred by the Monitoring Officer granting dispensations to Members and Co-opted Members allowing them to:
  - (i) participate in the debate; and/or
  - (ii) vote on any matter in which they have a disclosable pecuniary interest;
- (b) On matters being referred by the Monitoring Officer deciding whether complaints concerning Members should be investigated;
- (c) Hearing complaints that have been referred to them by the Monitoring Officer pursuant to the Complaints procedure;
- (d) The agreement of relevant procedures for the undertaking of its functions, when appropriate to be included within the Constitution.

## 13.8 Requests to Audit & Governance

- 13.8.1 The Mayor or the Combined Authority Board may resolve to ask the Committee to review any of its functions including:
- (a) The authority's financial affairs;
  - (b) The authority's risk management, internal control and corporate governance arrangements;

(c) The economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions.

### 13.9 Reference of Matters to Committees

13.9.1 Any of the following may request a matter to be included on the agenda of the Audit and Governance Committee provided it is relevant to the functions of the Combined Authority and not an excluded matter:

(a) any Member of the Audit and Governance Committee;

(c) any Member of the Combined Authority; and

(c) any Member of a Constituent Council of the Combined Authority.

13.9.2 An "excluded matter" means any matter which is a local crime and disorder matter.

13.9.3 Any request should state why the Member considers it appropriate for the Committee to exercise any of these powers in relation to the matter and the Committee must have regard to these reasons. The request must be submitted to the Monitoring Officer who will arrange for the Chair of the Committee to determine whether the item should be placed on the agenda of the next available meeting.

13.9.4 If the Committee decides not to exercise any of its powers in relation to the request it must notify the referring Member of its decision; and the reasons for it.

13.9.5 The Committee shall provide the Member with a copy of any report or recommendations which it makes in connection with the matter.

### 13.10 Procedure Rules: Access to Meetings

13.10.1 The public may attend meetings and have access to agenda, reports and minutes in accordance with the Transparency Rules, Forward Plan and Key Decisions in [Chapter 10: Access to Information, Information Governance, Data Protection and Complaints](#).

### 13.11 Procedure Rules: Meetings

13.11.1 The Committee will meet at least once a year.

13.11.2 An extraordinary meeting of an Audit and Governance Committee may be called by:

- (a) the Chair of the Committee; or
- (b) the Head of Paid Service.

### 13.12 Procedure Rules: Quorum

- 13.12.1 No business is to be transacted at a meeting of the Committee unless at least two-thirds of the total number of Members on the Committee are present.

### 13.13 Procedure Rules: Voting

- 13.13.1 Each Member of the Committee appointed from the Constituent Councils is to have one vote and no Member (including the Chair) is to have a casting vote.
- 13.13.2 Members of the Committee who are appointed other than from the Constituent Councils shall be non-voting Members of the Committee but may be given voting rights by resolution of the Combined Authority.
- 13.13.3 Any questions that are to be decided by the Committee are to be decided by a simple majority of the Members present and voting. If a vote is tied on any matter it is deemed not to have been carried. No deadlocked decisions of the Committee shall be referred to the Combined Authority Board.

### 13.14 Procedure Rules: Conflicts of Interest

- 13.14.1 Members must comply with the Member Code of Conduct.
- 13.14.2 No Member of the Committee may scrutinise a decision (whether or not implemented) in which they were directly involved as a Member of the decision-making body which made that decision.
- 13.14.3 Such a Member may only attend the Committee to:

- (a) make representations;
- (b) answer questions; or
- (c) give evidence about the decision.

### 13.15 Appointment of Independent Person

- 13.15.1 The Committee must have at least one independent person. The appointment must

be made by the Combined Authority Board.

13.15.2 A person is independent if the person:

- (a) is not a Member, Co-opted Member or Officer of the authority;
- (b) is not a Member, Co-opted Member or Officer of a parish council for which the authority is the principal authority;
- (c) is not a relative, or close friend, of a person within sub-paragraph (a) or; and
- (d) was not at any time during the past five years been:
  - (i) a Member, Co-opted Member or Officer of the authority; or
  - (ii) a Member, Co-opted Member or Officer of a parish council for which the Authority is the principal Authority.

### 13.16 Term of Office of the Independent Person

13.16.1 Each independent person will serve a term of four years, which may be renewed up to a maximum of one further term (ie total maximum eight years).

### 13.17 Appointments Process for the Independent Person

13.17.1 The vacancy for the Independent Person must be advertised in such manner as the Combined Authority considers is likely to bring it to the attention of the public. The person must submit to the Combined Authority an application to fill the vacancy, and the person's appointment has been approved by a majority of the Members of the Combined Authority Board.

13.17.2 The position of Independent Person shall be advertised on the Combined Authority's website, along with the website of each constituent authority.

### 13.18 Procedures at Meetings

13.18.1 The Combined Authority [Standing Orders](#) at Chapter 5 will apply.

## Annex 1

The current membership of the Audit and Governance Committee is one member from each constituent council and one independent person (eight members). The quorum is six members.