

Audit and Governance Committee - (11 Members + 1 Non-elected Member)

Terms of Reference

Statement of purpose

1. Our audit and governance committee is a key component of Boston'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.
2. The purpose of our audit and governance committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Boston'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.

Governance, risk and control

3. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
4. To review the Annual Governance Statement prior to approval 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.
5. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
7. To monitor the effective development and operation of risk management in the council.
8. To monitor progress in addressing risk-related issues reported to the committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
11. To monitor the counter-fraud strategy, actions and resources.

12. To review the governance and assurance arrangements for significant partnerships or collaborations.
13. To maintain an overview of the Council's contract procedure rules and financial regulations and recommend changes to Cabinet or Council
14. To review any issue referred to it by the Council, Cabinet, Scrutiny Committee, Director, Monitoring Officer or the Chief Executive.
15. To consider the Council's compliance with its own and other applicable published standards and controls.
16. To review and develop the Council's Treasury Management and Investment Strategy before recommendation to Council.
17. To monitor compliance and performance of the Council's Treasury Management and Investment Strategy on a regular basis.
18. To meet privately with the Audit Manager/External Auditor where required

Internal audit

19. To approve the internal audit charter.
20. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
21. 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.
22. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
23. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
24. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit.
25. 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:
 - a) Updates on the work of internal audit including key findings, issues of concern and actions/**recommendations** in hand as a result of internal audit work.

- b) Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
26. To consider the head of internal audit's annual report:
- a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) 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.
27. To consider summaries of specific internal audit reports as requested.
28. 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.
29. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
30. 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.
31. 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.
32. To support the development of effective communication with the head of internal audit.

External audit

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.
34. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
35. To consider specific reports as agreed with the external auditor.
36. To comment on the scope and depth of external audit work and to ensure it gives value for money and to advise/liaise as required over the appointment of the Council's external auditor.
37. To commission work from internal and external audit, having taken into account the cost and proportionality of so doing and the budget for such work.
38. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies

Financial reporting

39. 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.
40. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

41. 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.
42. 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.
43. To publish an annual report on the work of the committee.

Governance

44. To advise on appropriate strategies and action to ensure the Council promotes and maintains high standards of conduct.

45. To recommend to the Council the appointment of one or more Independent Persons and to determine the remuneration of an Independent Person.
46. To monitor the operation of the Council's Code of Conduct and to annually review the effectiveness of standards procedures and policies and make proposals for updating these as appropriate.

Consideration of Code of Conduct issues and dealing with standards allegations under the Localism Act 2011 have been delegated to the Standards Sub-Committee. Its Terms of Reference, and arrangements for dealing with such allegations, are set out in the separate documents Appendices 1 and 2.

Membership

47. The Committee shall have political balance and have a Membership of 9 Councillors and 1 Non Elected representative (non-Councillor). Members of the committee should demonstrate they hold the necessary skills and knowledge to ensure the Committee can govern effectively.
48. The Chairman and Vice-Chairman shall be appointed by the Council. The Chairman shall be a member of the Council serving on the Audit and Governance Committee but not a member of the Cabinet.
49. A Non Elected representative (non-Councillor) appointment shall coincide with the term of 4 year political appointment.

Quorum

50. The minimum number of members to transact any business of the full Committee shall be 5 and for the Hearings Panel shall be 3.

Procedures, protocol and public speaking

51. The Chairman shall be responsible for maintaining order and the effective conduct of business.
52. The committee should meet 4-6 times a year and report directly to the Council with the ability to refer specific issues to the Cabinet or Scrutiny Committee, as appropriate.
53. Public speaking will be allowed in accordance with the constitution Standing orders and Rights of the Public at Council meetings.

Voting

54. Voting shall be by a simple majority on a show of hands.
55. Any voting members may request that their votes be recorded.

56. In the event of any equality of votes, the Chairman shall have a second or casting vote.

Minutes

57. Due to the infrequency of meetings unconfirmed minutes of Audit Committee meetings will be returned to full Council by the Chairman to be received and confirmed at full Council so that any recommendations can be received in a timely manner.