

**AUDIT & GOVERNANCE COMMITTEE PROCEDURE RULES**  
*(New draft document – subject to further consideration by the Audit & Governance Committee, and recommendations thereon to the Council.)*

**1. Role of the Audit and Governance Committee**

- 1.1 *The Council has established an Audit and Governance Committee.*
- 1.2 *The Audit and Governance Committee will work in partnership with the Executive Committee and Officers to ensure good stewardship of the Council's resources and deliver better outcomes for the people of the Borough.*
- 1.3 *The ultimate responsibility for Audit rests with the Council's Section 151 Officer. Therefore the Audit and Governance Committee can make informed recommendations but it is not the role of the Audit and Governance Committee to be a substitute for management of Internal Audit.*
- 1.4 *The Audit and Governance Committee does not have the power to make decisions with regard to Internal Audit or to direct Officers with regard to Internal Audit.*

**2. Terms of Reference**

- 2.1 *The Terms of Reference of the Audit and Governance Committee are as follows:*
  - a. *To review and monitor the annual audit plans of both the internal and external auditors.*
  - b. *To receive and comment upon external auditors' reports.*
  - c. *To monitor the adequacy and effectiveness of the Council's system of internal control by ensuring that an adequate and effective system of internal financial controls is maintained, that financial procedures are regularly reviewed.*
  - d. *To consider and approve the Council's Annual Statements of Accounts.*
  - e. *To consider, monitor and review the Council's overall corporate governance arrangements.*
  - f. *To ensure that a corporate risk management strategy is in place, to consider, monitor and review the effectiveness of the Council's risk management arrangements and seek assurances that action is being taken to address identified risk related issues.*

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- g. To consider any report from the Internal Audit Manager in pursuance of Financial Regulations.*
  - h. To ensure good stewardship of the Council's resources and assist the Council to achieve value for money in the provision of its services.*
  - i. To enhance the profile, status and authority of the internal audit function that will demonstrate its independence.*
  - j. To contribute towards making the Council, its Committees and Directorates more responsive to the Audit function.*
  - k. To focus audit resources by agreeing, and periodically reviewing, audit plans and monitoring delivery of the audit service.*
  - l. To receive and consider such internal audit reports that the Chair and/or Acting Deputy Chief Executive considers necessary.*
  - m. To keep under review and make recommendations on proposed amendments to Financial Regulations.*
  - n. To consider and make recommendations if appropriate on, the Annual Governance Statement.*
- 2.2 *Within those Terms of Reference, the Audit and Governance Committee will:*
- a. agree annual and strategic audit plans;*
  - b. review Internal Audit's progress against the audit plan and consider Internal Audit performance measures;*
  - c. receive and consider a summary of work undertaken by Internal Audit since the last meeting, plus current status;*
  - d. receive and consider executive summaries of financial process / procedures;*
  - e. receive and consider executive summaries of Value For Money reports;*
  - f. receive and consider executive summaries of contract audit reports;*
  - g. receive and consider executive summaries of any special investigations undertaken by Internal Audit;*
  - h. receive and consider a chronological summary of Internal Audit reports awaiting departmental response and address any evident problems;*
  - i. monitor the proportion of key recommendations actioned since the previous meeting;*
  - j. consider all external audit reports including the Annual Audit Letter.*

**3. Composition**

*The Audit and Governance Committee will comprise such number of Councillors as are determined at the Council's Annual Meeting. All Councillors may be members of the Audit and Governance Committee.*

**4. Co-optees**

*The Audit and Governance Committee shall be entitled to appoint a number of people as non-voting co-optees.*

**5. Chair**

*a. The Committee's Chair and Vice-Chair will normally be appointed at the Council's Annual Meeting.*

*b. If the Chair / Vice-Chair are not so appointed, they shall be appointed at the first meeting of the Audit and Governance Committee.*

*The Chair and Vice-Chair shall not be members of the controlling political group.*

**6. Meetings of the Audit and Governance Committee**

*6.1 There shall be at least 4 ordinary meetings of the Audit and Governance Committee in each year.*

*6.2 Extraordinary meetings may be called from time to time as and when appropriate.*

*6.3 A meeting of the Audit and Governance Committee may be called by the Chair of the Audit and Governance Committee, by any 3 members of the Audit and Governance Committee or by the Chief Executive if s/he considers it necessary or appropriate.*

**7. Quorum**

*The quorum for a meeting of the Audit and Governance Committee shall be 3 members.*

**8. Attendance of Officers at meetings**

8.1 *The Section 151 Officer or his/her deputy shall be expected to attend each meeting of the Audit and Governance Committee.*

8.2 *The Audit Services Manager shall be expected to attend each meeting of the Audit and Governance Committee.*

**9. Participation in Meetings**

*No member of the Audit and Governance Committee may be involved in the consideration of a decision in which s/he has been directly involved. If any member of the Audit and Governance Committee finds that a decision in which s/he has been directly involved is to be considered, s/he shall declare the fact to the Audit and Governance Committee and take no part in the discussion and voting in the part of the meeting which relates to that decision.*

**10. Work Programme**

10.1 *The Audit and Governance Committee will be responsible for setting its own work programme and in doing so shall take into account of:*

- a. the views of members of the Audit and Governance Committee who are not members of the largest political group on the Council;*
- b. suggestions of matters for consideration made by the Executive Committee;*
- c. suggestions of matters for consideration made by the Council.*

**11. Procedure at Audit and Governance Committee meetings**

*The Audit and Governance Committee shall at each meeting consider the following business:*

- a. consideration of the accuracy of the minutes of the previous meeting;*
- b. declarations of interest;*
- c. responses of the Executive Committee to reports of the Audit and Governance Committee; and*
- d. matters set out on the agenda for the meeting in accordance with paragraph 12 below.*

**12. Agenda items**

- 12.1 *Any member of the Audit and Governance Committee shall be entitled to give notice to the Section 151 Officer that s/he wishes an item relevant to the functions of the Audit and Governance Committee to be included on the agenda for the next available meeting of the Committee. On receipt of such a request the Section 151 Officer will ensure that it is included on the next available agenda.*
- 12.2 *Where a matter is referred to the Audit and Governance Committee by the Council (including a matter referred by the Monitoring Officer under Council Procedure Rule 11.10), it shall be considered at either the first or second ordinary meeting of the Audit and Governance Committee following the referral.*
- 12.3 *The Audit and Governance Committee shall also respond, as soon as its work programme permits, to requests from the Council or the Executive Committee to review particular areas of Council activity. The Audit and Governance Committee shall report its findings and any recommendations back to Council or Executive Committee (as appropriate).*

**13. Investigations and Enquiries**

*The Audit and Governance Committee may*

- a. hold enquiries and investigate the available options for the future direction of Internal Audit and may appoint advisers and assessors to assist them in this process;*
- b. conduct site visits, conduct public surveys, hold public meetings, commission research and do all other things that it reasonably considers necessary to inform the Audit and Governance Committee in its deliberations;*
- c. invite witnesses to attend to address the Audit and Governance Committee on any matter under consideration;*
- d. pay to any advisers, assessors and witnesses a reasonable fee and expenses for doing so, provided that any such budget set by the Council each year for such purposes is not exceeded.*

**14. Members and Officers giving account**

14.1 *The Audit and Governance Committee may review internal control mechanisms and systems that exist in any Council Department. As well as reviewing documentation, in fulfilling its Terms of Reference, it may require any member of the Executive Committee, the Chief Executive and/or any senior Officer to attend before it to explain in relation to matters within their remit:*

- a. any particular decision or series of decisions;*
- b. the extent to which the actions taken implement Council policy; and /or*
- c. his/her performance;*

*and it is the duty of those persons to attend if so required.*

14.2 *If any Councillor or Officer is required to attend meetings of the Audit and Governance Committee under this provision, the Councillor or Officer will be given reasonable notice in writing of the meeting at which s/he is required to attend. The notice will state the nature of the item on which s/he is required to attend to give account and whether any papers are required to be produced for the Audit and Governance Committee. Where the account to be given to the Audit and Governance Committee will require the production of a report, then the Councillor or Officer concerned will be given sufficient notice to allow for preparation of that documentation*

14.3 *If the Councillor or Officer is unable to attend on the required date, the Audit and Governance Committee shall in consultation with the Councillor or Officer arrange an alternative date for attendance.*

**15. Attendance by others**

15.1 *The Audit and Governance Committee may invite people other than those people referred to in paragraph 14 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and Members and Officers in other parts of the public sector and shall invite such people to attend. Any such person invited will be given reasonable notice and the notice will state the nature of the item on which he/she is invited to attend and whether any papers are requested.*

15.2 *If the Audit and Governance Committee is to consider a motion referred to it by the Council meeting, the proposer and seconder of the motion shall (if they are not members of the Audit and Governance Committee) have the right to attend the relevant meeting and to explain the reasons for their*

*motion, although they may not propose, second or vote on recommendations by the Audit and Governance Committee which arise from that motion.*

- 15.3 *If the Audit and Governance Committee invites a person to address a meeting or to give evidence, the following principles will be observed:*
- a. *the investigation will be conducted fairly and all members of the Audit and Governance Committee will be given the opportunity to ask questions of attendees, and to contribute and speak;*
  - b. *those assisting the Audit and Governance Committee by giving evidence will be treated with respect and courtesy; and*
  - c. *the investigation will be conducted so as to maximise the efficiency of the investigation or analysis.*

**16. Reports from the Audit and Governance Committee**

- 16.1 *Once it has formed recommendations on proposals for development, the Audit and Governance Committee will make its findings public and will report to the Executive Committee.*
- 16.2 *The Audit and Governance Committee may report directly to full Council where the Section 151 Officer and/or Audit Services Manager advises the Audit and Governance Committee that it is appropriate to do so.*
- 16.3 *If the Audit and Governance Committee cannot agree on one single final report to the Council or Executive Committee as appropriate, then no more than one minority report may be prepared and submitted for consideration by the Council or Executive Committee with the majority report.*
- 16.4 *The Council or the Executive Committee shall consider the report of the Audit and Governance Committee within two months of it being submitted.*

**17. Consideration of Audit and Governance Committee Reports by the Executive Committee**

*The agenda for Executive Committee meetings shall include an item at which minutes and/or reports of the Audit and Governance Committee will be considered. The minutes and/or reports of the Audit and Governance Committee referred to the Executive Committee shall be included at this point in the agenda (unless they have been considered in the context of the Executive Committee's deliberations on a substantive item on the agenda).*

**18. The party whip**

*The party whip must not be applied at Audit and Governance Committee meetings.*

**19. Finance**

*The Audit and Governance Committee may exercise overall responsibility for any finances made available to it.*