

**REVISED TERMS OF REFERENCE – CORPORATE GOVERNANCE COMMITTEE**

**Governance**

The terms of reference should set out the committee's position in the governance structure of the authority.

**Statement of Purpose**

The committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

The committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

**Governance, Risk and Control**

- ❖ To review the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance.
- ❖ To monitor the effective development and operation of risk management in the Council.
- ❖ To monitor progress in addressing risk-related issues reported to the committee.
- ❖ To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- ❖ To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- ❖ To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- ❖ To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- ❖ To monitor the counter fraud strategy, actions and resources.
- ❖ To review the governance and assurance arrangements for significant partnerships or collaborations.

**Financial and Governance Reporting**

**Governance reporting**

- ❖ To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the Internal Audit Manager's annual opinion.
- ❖ To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

## **Financial reporting**

- ❖ To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- ❖ To review 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.
- ❖ To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **Arrangements for audit and assurance**

To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

## **External audit**

- ❖ 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 Arrangements (PSAA) or the authority's auditor panel as appropriate.
- ❖ To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- ❖ To consider specific reports as agreed with the external auditor.
- ❖ To comment on the scope and depth of external audit work and to ensure it gives value for money.
- ❖ To consider additional commissions of work from external audit.
- ❖ To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- ❖ To provide free and unfettered access to the audit committee chair for the auditors, including the opportunity for a private meeting with the committee.

## **Internal audit**

- ❖ To approve the internal audit charter.
- ❖ To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- ❖ 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.
- ❖ To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- ❖ To make appropriate enquiries of both management and the Internal Audit Manager to determine if there are any inappropriate scope or resource limitations.
- ❖ To consider any impairments to the independence or objectivity of the Internal Audit Manager arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments. To consider reports from the Internal Audit Manager on internal

audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- updates on the work of internal audit, including key findings, issues of concern and action in hand as a result of internal audit work,
  - regular reports on the results of the QAIP.
  - reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- ❖ To consider the Internal Audit Manager's annual report, including:
    - the statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the results of the Quality Assurance and Improvement Plan (QAIP) 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 AGS).
  - ❖ To consider summaries of specific internal audit reports as requested.
  - ❖ To receive reports outlining the action taken where the Internal Audit Manager 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.
  - ❖ To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every five years.
  - ❖ To consider a report on the effectiveness of internal audit to support the AGS where required to do so by the accounts and audit regulations (see Appendix A).
  - ❖ To provide free and unfettered access to the Corporate Governance Committee chair for the Internal Audit Manager, including the opportunity for a private meeting with the committee.

### **Accountability arrangements**

- ❖ 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.
- ❖ 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.
- ❖ To publish an annual report on the work of the committee, including a conclusion on the compliance with the CIPFA Position Statement.

### **Constitutional, Conduct and Regulatory Arrangements**

- ❖ To undertake the following constitutional arrangements:

- Considering proposals to change the Council's Constitutional arrangements and making appropriate recommendations to the Council.
  - Consider the periodic electoral review and review District and Parish electoral arrangements including boundaries and other electoral matters.
  - Determination of Community Governance Reviews.
- ❖ To undertake the following conduct arrangements:
- The promotion and maintenance of high standards of conduct within the Council.
  - To advise the Council on the adoption or revision of its Codes of Conduct for Members.
  - The promotion and maintenance of high standards of conduct within the town and parish councils within Huntingdonshire.
  - To advise the Council on the adoption or revision of a Protocol for Member/Officer relations.
  - To advise the Council on the adoption of a Code of Conduct for Planning and monitoring operation of the Code.
- ❖ To undertake the following regulatory arrangements:
- Reviewing and monitoring the policy and procedure and arrangements for investigating disclosures under the Public Interests Disclosure Act 1999.
  - Consideration of reports by the Local Government Ombudsman including compensatory payments