

### Proposed Revised Terms of Reference for the Audit & Standards Committee

#### 3. Audit and Standards Committee

3.1 The purpose of our audit committee is to provide independent assurance on the adequacy of the risk management framework and the internal control environment. It provides independent review of Staffordshire County Council'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. It also oversees the Council's democratic processes and the content and application of the Code of Conduct for Councillors and Co-opted members.

3.2 The Audit and Standards Committee has the following functions and responsibilities: -

#### Audit Matters

#### **Governance, Risk and Control**

- To approve, monitor, review and amend from time to time the Council's Code of Corporate Governance including the ethical framework to ensure that it is adequate and effective.
- To review the Annual Governance Statement (AGS) 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.
- To monitor the adequacy and effectiveness of the Authority's risk management processes and to: -
  - Approve the Risk Management Policy Statement and monitor its implementation
  - Approve the content of the Corporate Risk Register and proposed Risk Mitigation Action Plan and monitor its implementation
- To consider the Authority's framework of assurance and ensure that it adequately addresses the risks and priorities of the Authority.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To monitor the Counter Fraud Strategy, actions and resources and review the assessment of fraud risks and potential harm to the Authority from fraud and corruption.
- To consider the Authority's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

- To consider the governance and assurance arrangements for significant partnerships and/or collaborations, where required to do so in delivering the Internal Audit Plan.

## Internal Audit

- To work with and advise the Director of Finance and Resources in ensuring arrangements for the provision of an adequate and effective Internal Audit.
- To monitor the adequacy and effectiveness of the Internal Audit service and Chief Officers' responsibilities for ensuring an adequate control environment including: -
  - approving the Internal Audit Charter
  - Receiving an annual risk based internal audit plan from the Head of Internal Audit
  - Monitoring progress against the plan through the receipt of periodic progress performance reports and an annual Internal Audit report;
  - Receiving and considering major Internal Audit findings and recommendations;
  - Monitoring the response to major findings and the implementation of key recommendations;
  - Considering the Head of Internal Audit's annual Internal Audit 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 Programme (QAIP) that support the statement – these will indicate the reliability of the conclusions of internal audit.
    - The effectiveness of Internal Audit to support the AGS.
    - 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 contribute to the QAIP and in particular, the periodic external quality assessment of Internal Audit.
- To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.
- To review any issue referred to it by the chief executive or a director, or any council body.
- To provide free and unfettered access to the Audit and Standards Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.

## External Audit

- To determine the procurement process to be taken by Staffordshire County Council for the appointment of external Auditors either via means of an auditor panel or through Public Sector Audit Appointments (PSAA) and to express an opinion on their selection and rotation.
- To monitor the independence, adequacy and effectiveness of the External Audit service and respond to its findings. This will include :-
  - o Discussing the nature and scope of the audit of Staffordshire County Council services and functions, and considering the external audit fee and terms of engagement;
  - o Receiving and considering the external auditor's annual letter, relevant reports and the report to those charged with governance and advising the Council as appropriate;
  - o Commenting on the scope and depth of external audit work and to ensure it gives value for money.
  - o Monitoring the County Council's response to the external auditor's findings and the implementation of external audit recommendations.
- 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 or the auditor panel, as appropriate.

## Financial Reporting

- To approve authority's statement of accounts.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## 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, where required.
- To publish an annual report on the work of the committee including its performance in relation to the terms of reference and its effectiveness in meeting its purpose.

## Standards Matters

### **Standards**

- To make recommendations to full Council on the Code of Conduct (including associated Protocols) for Councillors and Co-opted members and to monitor its application and effectiveness including overseeing training for Councillors and Co-opted members.
- To oversee the Register of Members' Interests.
- To oversee the effectiveness of the Councils procedures for investigating and responding to complaints about Councillors and Co-opted members (as approved by Full Council on 19 July 2012)
- To appoint a Panel of five members of the Committee to:
  - interview and make recommendations to Council on the appointment of Independent Persons in accordance with the Localism Act 2011 and an Independent Person to serve on the Audit and Standards Committee should CIPFA's Practical Guidance For Local Authorities (2018 Edition) on Committee membership be adopted.
  - consider alleged breaches of the Code of Conduct
- To consider and, where applicable, make recommendations to full Council on decisions of the Standards Panel on breaches of the Code of Conduct considered by that Panel.
- To oversee the maintenance of the List of Politically Restricted Posts

### **Elections**

- To oversee the actions of the Returning officer with regard to the delivery and conduct of the County Council elections and casual vacancies, and any peripheral responsibilities.

### **Governance and Decision-Making**

- To oversee, review, and make any recommendations on, the effectiveness and operation of the Constitution and any of the provisions of it.
- To monitor the adequacy and effectiveness of the County Council's Information Governance arrangements
- To establish Panels of five members of the Committee, as and when required, with delegated powers to deal with:
  - appeals by officers against disciplinary, grading or employment related action (including in respect of the List of Politically Restricted Posts)
  - appeals against dismissal from teachers employed in Education Support Units
  - appeals against any Executive decision where the law requires that a person shall have a right of appeal within the Council against that decision and for which no other provision is made under this Constitution
  - Planning Applications referred to in paragraph 2.2 of section 8 of this Constitution (ie where the Planning Committee is minded to refuse an application for planning permission submitted on behalf of the Cabinet

in respect of a County Council service (membership of this Panel shall not include members of the Cabinet, relevant Scrutiny Committee or Planning Committee)

### **Miscellaneous**

- For functions which are not a function of the Executive – to authorise, or revoke the authority of, a person to exercise a function to which Section 70 of the Deregulation and Contracting Out Act 1994 applies
- To deal with any other matter (regulatory, judicial, quasi-judicial or licensing) which by law cannot be the responsibility of the Executive for which no other provision exists in this Constitution.

### **Health and Safety**

- To monitor the adequacy and effectiveness of the County Council's Corporate Health and Safety policies and to approve the annual Action Plan and key priorities