

## Part 2.5 – Audit and Standards Committee

### 1. Overview

- 1.1 The Audit and Standards Committee is a key component of the Authority's corporate governance arrangements.
- 1.2 It is an important source of assurance about the Authority's arrangements for managing risk, maintaining an effective control environment; reporting on financial and other performance.
- 1.3 It is also responsible for promoting and maintain high standards of conduct by members of the Authority and its committees. The Committee will review complaints made against Members in respect of alleged breaches of the Members' Code of Conduct in accordance with its agreed arrangements (see Part 5.1 of the Constitution).

### 2. Membership

- 2.1 The Cabinet shall appoint an Audit and Standards Committee which shall consist of:
  - 2.1.1 2 members of each of the constituent councils in such a manner that the members of the Audit and Standards 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; and
  - 2.1.2 one non-voting co-opted member who will act as Chair.
- 2.2 The Cabinet shall also appoint as substitute members (for those mentioned in paragraph 2.1 above) 2 members of each of the constituent councils (who are not Cabinet Members or Substitute Cabinet Members of the Authority) in such a manner that the members of the Audit and Standards 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.
- 2.3 Substitute members may attend the meetings of the Committee to act in the place of an ordinary member of Committee appointed under paragraph 2.1.

### 3. Quorum

- 3.1 No business of the Audit and Standards Committee shall be transacted unless two-thirds of the voting members are present.

### 4. Terms of Reference

The following functions are the responsibility of the Audit and Standards Committee:

#### Audit

The Committee's core functions are:

1. At a strategic overview level, to review and scrutinise the Authority's financial affairs.

2. To review and assess the Authority's risk management, internal control and corporate governance arrangements.
3. To review and assess the economy, efficiency and effectiveness with which resources have been used in discharging the Authority's functions.
4. To make reports and recommendations to the Authority in relation to reviews conducted under 1 to 3 above.

To discharge these core functions, the Committee will:

- a. be satisfied that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Authority's objectives.
- b. in relation to the internal audit function:
  - i. oversee its independence, objectivity, performance and professionalism;
  - ii. support the effectiveness of the internal audit process,
  - iii. promote the effective use of internal audit within the assurance framework.
- c. consider the effectiveness of the Authority's risk management arrangements and the control environment; review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.
- d. monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and managing the Authority's exposure to the risks of fraud and corruption.
- e. consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- f. support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- g. review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

Provided that:

- (i) The Committee's audit role is to review the relevant procedures of the Authority, and to maintain an overview on the framework of governance, risk management and control within the Authority, but not to make or review policy.
- (ii) For the avoidance of doubt, the Committee will review and scrutinise the Authority's financial affairs at a strategic overview level. Nothing in these terms of reference shall confer upon the Committee the power to regulate or control the finances of the Authority. Detailed reports on ongoing financial performance, budget setting and

budget management, and requests to approve the financial statements shall be matters for the Cabinet.

### **Standards**

1. To promote and maintain high standards of conduct by Authority members and co-opted members.
2. To ensure the Authority's members and co-opted members observe the Members' Code of Conduct.
3. To advise the Cabinet on the adoption or revision of the Members' Code of Conduct.
4. To monitor the operation of the Members' Code of Conduct.
5. To advise, train or arrange to train the Authority members and co-opted members on matters relating to the Members' Code of Conduct and Disclosable Pecuniary Interests.
6. To grant dispensations to the Authority members and co-opted members from requirements relating to interests set out in the Members' Code of Conduct.
7. To monitor complaints received by the Authority in respect of Member conduct.
8. To review the Whistleblowing Policy and recommend any changes to the Monitoring Officer for consideration by the Cabinet.
9. To conduct hearings following investigation and determine complaints made against members and co-opted members (including requests for review).
10. Where a member or co-opted member is found to have failed to comply with the Code of Conduct to take such action as may be necessary to promote and maintain high standards of conduct, in accordance with the powers available to the Committee.
11. To review the assessment criteria for complaints against members and co-opted members (included in the Authority's adopted arrangements) as it considers appropriate from time to time and recommend any changes to the Monitoring Officer for consideration by the Cabinet.
12. To undertake such further functions as may be the responsibility of the Committee under the Authority's adopted local arrangements in relation to the handling of complaints against members and co-opted members.
13. To appoint when required a Sub-committee to conduct hearings and determine complaints of breaches of the Code of Conduct for Members and for granting dispensations for members with registerable and non-registerable personal interests to enable Members to participate and vote at committee meetings.

### **Notes:**

- a. The Localism Act 2011 requires the Authority to appoint at least one Independent Person for their views to be sought and taken into account before the Audit and

Standards Committee makes its decision on an allegation about a Member's conduct which has been investigated and at other times when considered appropriate. An Independent Person's views may also be sought by a Member who is the subject of a misconduct complaint.

- b. The Members' Code of Conduct and all codes and protocols can be found in Part 5 of this Constitution.