

## **BCP COUNCIL**

### **DRAFT FUNCTIONS OF THE AUDIT & GOVERNANCE COMMITTEE**

KEY – **Black text** = original BCP Terms of Reference

**Black strike through text** = original BCP Terms of Reference, suggested to be replaced with preceding red text, following CIPFA suggested terms of reference wording, as guided by A&G Committee on 14<sup>th</sup> November 2019 at its additional meeting

**Red text** = Suggested additions, following CIPFA suggested terms of reference, as guided by A&G Committee on 14<sup>th</sup> November 2019 at its additional meeting

Functions of the Audit & Governance Committee are set out below. The Audit & Governance Committee cannot delegate for a decision any issues referred to it apart from any matter that is reserved to Council.

#### **Statement of Purpose**

Our Audit & Governance Committee is a key component of Bournemouth, Christchurch & Poole (BCP) Council'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.

The purpose of our Audit & Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP 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.

#### **Governance, Risk & Control**

To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS)

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements

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

To consider arrangements for risk management including the approval of the Risk Management Strategy and review of the Council's corporate risk register

To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Counter Theft, Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy

To review the governance and assurance arrangements for significant partnerships or collaborations

## **Internal Audit**

To approve the Internal Audit Charter

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 consider and approve the Annual Plans of the Internal Audit Service and the External Auditor~~

To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements

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 action in hand as a result of internal audit work b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP) c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS). ~~To consider reports dealing with the management and performance of the Internal and External Audit functions~~

To consider the Head of Internal Audit's annual report: a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support 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 AGS. ~~To consider the annual report and opinion of the CIA, including a summary of internal audit activity (actual and proposed in the relevant accounting period) and the level of assurance that can be given over the risk and control environment and corporate governance arrangements~~

To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by **Councillors** ~~Members~~

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 ~~To consider reports from Internal Audit on agreed recommendations not implemented within agreed timescales~~

To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years

~~To consider any reports of the CIA referred to the Committee for consideration~~

To commission work from the Internal Audit Service ~~and External Audit~~ (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee

## **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 Appointments Ltd (PSAA).

To consider the external auditor's annual letter, relevant reports and the report to those charged with governance ~~To consider the annual Audit Findings Report and Financial Resilience Report of the External Auditor and their associated action plans~~

To consider all other relevant reports from the External Auditor as scheduled in the forward plan for the Committee as agreed with the External Auditor or otherwise requested by **Councillors** ~~Members~~

To comment on the scope and depth of external audit work and to ensure it gives value for money

To commission work from ~~the Internal Audit Service~~ and External Audit (with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee)

To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors

To consider reports dealing with the management and performance of the ~~Internal~~ and External Audit functions

To consider and approve the Annual Plans of ~~the Internal Audit Service~~ and the External Auditor

### **Financial Reporting**

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 approve the Annual Statement of Accounts~~

To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

### **Accountability Arrangements**

To report to full council and publish an annual report 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 and publish an annual report on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

### **Other Functions**

To consider arrangements for treasury management including approving the Treasury Management Strategy and monitoring the performance of this function

To maintain an overview of the Council's Constitution in respect of financial regulations, working protocols and codes of conduct and behaviour (not otherwise reserved to the Standards Committee)

To consider breaches, waivers and exemptions of these **Financial** Regulations

## A&G Committee Report **APPENDIX D**

To consider any relevant issue referred to it by the Chief Executive, Chief Finance Officer (CFO), Chief Internal Auditor (CIA), Monitoring Officer (MO) or any other Council body or Cabinet Member

To consider arrangements for information governance, health and safety, fire safety, emergency planning (including business continuity)

To consider any issue of Council non-compliance with its own and other relevant published regulations, controls, operational standards and codes of practice

To consider gifts and hospitality registers relating to officers