

Date of meeting:	24 January 2022
Title of Report:	Audit and Governance Committee Terms of Reference
Lead Member:	Councillor Dr John Mahony
Lead Strategic Director:	Giles Perritt (Assistant Chief Executive)
Author:	Ross Jago (Head of Performance, Governance and Risk)
Contact Email:	Ross.jago@plymouth.gov.uk
Your Reference:	AGTOR/01.22
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

Following discussion at the Audit and Governance committee, City Council is asked to approve new terms of reference.

Recommendations and Reasons

That City Council approve adoption of the CIPFA model terms of reference outlined at appendix I with the inclusion of the overview of the council's family of companies (2.11) and the ethical framework (7).

Reason: This recommendation ensures that the committee can focus on its core functions and maintain strategic oversight of the operation of the Council's family of companies and ethical framework.

Alternative options considered and rejected

For the Committee to continue operating under the existing arrangements.

Rejected as issues have been identified which have the potential to negatively impact the effectiveness and efficiency of the committee.

Relevance to the Corporate Plan and/or the Plymouth Plan

Effective framing and execution of the committees work programme is vital to the delivery of the Plymouth and Corporate Plan by enabling the Council to exercise the scrutiny and challenge of its governance, finance, risk and audit processes.

Implications for the Medium Term Financial Plan and Resource Implications:

None arising specifically from this report.

Financial Risks

No implications identified.

Sign off:

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Originating Senior Leadership Team member: Giles Perritt (Assistant Chief Executive)											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 05/01/2022											
Approval: Audit and Governance Committee Date approved: 14/01/2022											

Appendix I

Proposed - Audit and Governance Committee Terms of Reference

1. Statement of purpose

- 1.1. Our Audit and Governance Committee is a key component of Plymouth City 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.
- 1.2. The purpose of our Audit and Governance Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Plymouth City Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.
- 1.3. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Committee Responsibilities

2. Governance, risk and control

- 2.1. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.2. To review the Annual Governance Statement 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.
- 2.3. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.4. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 2.5. To monitor the effective development and operation of risk management in the council.
- 2.6. To monitor progress in addressing risk-related issues reported to the committee.
- 2.7. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 2.8. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 2.9. To monitor the counter-fraud strategy, actions and resources.
- 2.10. To review the governance and assurance arrangements for significant partnerships or collaborations.
- 2.11. To approve and oversee the Council's strategic objectives across the Plymouth City Council family of companies and to support the development of companies in line with the Council's regulations and values.

3. Internal Audit

- 3.1. To approve the internal audit charter.
- 3.2. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

- 3.3. 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.
- 3.4. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 3.5. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 3.6. 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.
- 3.7. 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:
 - 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 Quality Assurance and Improvement Program
 - 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.
- 3.8. To consider the head of internal audit's annual report:
 - 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.
 - 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.
- 3.9. To consider summaries of specific internal audit reports as requested.
- 3.10. 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.
- 3.11. 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.
- 3.12. 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
- 3.13. To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

4. External audit

- 4.1. 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 or the authority's auditor panel as appropriate.
- 4.2. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

- 4.3. To consider specific reports as agreed with the external auditor.
- 4.4. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 4.5. To commission work from internal and external audit.
- 4.6. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

5. Financial reporting

- 5.1. 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.
- 5.2. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

6. Accountability arrangements

- 6.1. 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.
- 6.2. 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.
- 6.3. To publish an annual report on the work of the committee.

7. Ethical Framework

- 7.1. To promote and maintain high standards of conduct by Councillors and co-opted Members.
- 7.2. To assist the Councillors and co-opted Members to observe the Members' Code of Conduct.
- 7.3. To advise the Council on the adoption or revision of the Members' Code of Conduct.
- 7.4. To receive reports on the operation of the Members' Code of Conduct from the relevant sub-committee.
- 7.5. To advise on training arrangements for Councillors and co-opted Members on matters relating to the Members' Code of Conduct.
- 7.6. To grant dispensations, subject to other delegations, to Councillors and co-opted Members on requirements relating to interests set out in the Members' Code of Conduct.
- 7.7. To ensure arrangements are in place under which allegations of misconduct in respect of the Members' Code of Conduct can be investigated and to review such arrangements where appropriate.
- 7.8. To receive an annual report from the Monitoring Officer on local and national issues relating to ethical standards and to bring to the attention of Members any complaints.