

Part 2D – Governance Committee

1. Governance Committee

Statement of Purpose

1. Governance Committee is a key component of South Ribble Borough 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.
2. The purpose of our Governance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of South Ribble Borough 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.
3. To take an overview of the Council's constitution and assist the Monitoring Officer in reviewing the constitution to ensure it is current and meets the purpose set out in Article 1.

2. Membership

- (a) **Political Balance.** The Governance Committee is required to have proportional political balance in accordance with the provisions of the Local Government & Housing Act 1989.
- (b) **Membership.** 7 Members. No member of the Cabinet may sit on the Governance Committee
- (c) **Chairing the Governance Committee.** Chairman and Vice Chairman appointed by the Council at the first business meeting of the new municipal year. In the absence of the both the Chairman and Vice Chairman a Chairman for the meeting may be appointed by the Committee. Any permanent replacement of the Chairman or Vice Chairman requires full Council approval.
- (d) **Liaison with Scrutiny.** The Chairman of the Governance Committee will liaise with the Chairman of the Scrutiny Committee to ensure effective co-ordination of Scrutiny and Governance. An outline of how the joint areas of responsibilities between the Committees are to be met to avoid duplication and gaps is shown in Protocol 9 in Part 5C

3. Terms of Reference

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Governance, Risk and Control

1. To periodically review the council's corporate governance arrangements against the CIPFA/SOLACE good governance framework, ~~and consider annual governance reports and assurances.~~ **including the ethical framework and consider the local code of governance.**
2. To approve the Annual Governance Statement 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.
3. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
4. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
5. To monitor the effective development and operation of risk management in the council.
6. To monitor progress in addressing risk-related issues reported to the committee.
7. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
8. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
9. To monitor the counter-fraud strategy, actions and resources.

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

Internal Audit

10. To approve the Internal Audit Charter.
11. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
12. 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.
13. To approve significant interim changes to the risk-based internal audit plan and resource requirements.

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14. To make appropriate enquiries of both management and the ~~Head of Shared Assurance Services~~ **Service Lead – Audit & Risk** to determine if there are any inappropriate scope or resource limitations.

***To consider any impairments to independence or objectivity arising from additional roles of responsibilities outside of the head of internal audit. To approve and periodically review safeguards to limit such impairments.**

15. To consider reports from the ~~Head of Shared Assurance Services~~ **Service Lead – Audit & Risk** 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 and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
16. To consider the ~~Head of Shared Assurance~~ **Service Lead – Audit & Risk** Annual report:
- a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports 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 Annual Governance Statement.
17. To consider summaries of specific internal audit reports as requested.
18. To receive reports outlining the action taken where the ~~Head of Shared Assurance~~ **Service Lead – Audit & Risk** 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.
19. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

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20. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
21. ~~To support the development of effective communication with the Head of Shared Assurance.~~

***To provide free and unfettered access to the Governance Committee Chair for the Service Lead – Audit & Risk, including the opportunity for a private meeting with 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 PSAA or the authority's auditor panel as appropriate.**

22. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
23. To automatically refer any external auditor's report that has received a qualified opinion for consideration at the next available Full Council meeting.
24. To consider specific reports as agreed with the external auditor.
25. To comment on the scope and depth of external audit work and to ensure it gives value for money.
26. To commission work from internal and external audit.
27. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial Reporting

28. To approve 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.
29. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
30. To take an overview of the Council's Treasury Management Strategy.

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Accountability Arrangements

31. 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.**

32. To take an overview of the Council's constitution and assist the Monitoring Officer in reviewing the constitution to ensure it is current and meets the purpose set out in Article 1.