

## **ARTICLE 11 - AUDIT AND GOVERNANCE COMMITTEE**

### **11.1 Title**

The Committee should be entitled "Audit and Governance Committee" of Epping Forest District Council.

### **11.2 Purpose**

The purpose of the Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

### **11.3 Authority**

The Committee is authorised by the Council to:

- (a) Investigate, or cause to be investigated, any activity within its terms of reference;
- (b) Seek any information that it requires from any Member or employee of the Council, and require all Members and employees to co-operate with any request made by the Committee;
- (c) Meet for despatch of its business, adjourn and otherwise regulate its business as it shall see fit, including approving items of business by the written resolution procedure set out in the Council's Constitution.

### **11.4 Role and Responsibilities**

The Audit and Governance Committee will have the following roles and functions:-

- (a) To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- (b) To seek assurances that action is being taken on risk related issues, identified by Auditors and Inspectors.
- (c) To be satisfied that the Council's Assurance Statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
- (d) To agree the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans.
- (e) To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- (f) To receive an Annual Report from the Chief Internal Auditor.
- (g) To ensure that there are effective relationships between External and Internal Audit, Inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (h) To review financial statements, including the Council's Statement of Accounts, External Auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
- (i) Review, and challenge where necessary, the actions and judgements of Management, in relation to the Council's Statement of Accounts, paying particular attention to:
  - (i) critical accounting policies and practices, and any changes to them;
  - (ii) decisions requiring a major element of judgement;

- (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - (iv) significant adjustments resulting from the audit; and
  - (v) any material weakness in internal control reported by the Internal or External Auditor.
- (j) Consider other reports of External Audit and inspection agencies, which are relevant to the functions of the Committee.
- (k) Briefing meetings for members of the Committee will be held as and when necessary separately and at least once a year with the External Auditor and Chief Internal Auditor.
- (l) To consider performance and best value issues to the extent that they relate to the audit and control environment and risk management issues of the Council.
- (m) To be responsible for the scrutiny of the Council's Treasury Management Strategy, including consideration of mid financial year and outturn reports.

## **11.5 Membership**

- (a) The Committee shall comprise 5 members, including 3 Councillors and 2 co-opted persons.
- (b) **All Councillors to serve as** members of the Committee shall be appointed at the Annual Council meeting of Epping Forest District Council for a term of office of one year and shall be eligible for re-appointment for further terms of office.
- (c) **Co-opted members shall serve for a term of 3 years from appointment by the Council and shall be eligible to serve for one further term. Appointments are also subject to paragraphs 11.6(b) and 11.12(b) below.**

~~(e)~~(d) Casual vacancies on the Committee which occur shall be filled at the next ordinary Council meeting (but not an extraordinary meeting) with a term of office expiring on the date of the next annual Council meeting.

## **11.6 Eligibility for membership**

### **(a) Councillor members**

Councillors appointed to the Audit and Governance Committee may not also be members of the Cabinet, any Cabinet Committee, or any panel appointed by the Overview and Scrutiny Committee with responsibility for reviewing the Council's finances or financial procedures.

A Portfolio Holder Assistant (other than any Assistant involved in any portfolio dealing primarily with the Council's finances) appointed by the Leader of the Council shall be eligible for appointment to the Committee.

**Appointments shall be made on the basis of evidence of the aptitude, experience or interest of the Councillors concerned and for this purpose the normal rules for pro rata membership shall not apply.**

### **(b) Co-opted members**

Co-opted members shall be appointed by the Council on the basis of their professional expertise, experience and background as relevant to the role and responsibilities of the Audit and Governance Committee. Initial appointments of co-opted members and the filling of casual vacancies shall be made following public advertisement and interviews, the latter conducted in accordance with arrangements agreed by the Council. If the number of suitable applicants exceeds the number of co-opted places on the Committee, the Council shall keep a waiting list of suitable applicants should casual vacancies occur.

**Co-opted members shall serve for a period of 3 years from appointment. A co-opted member shall serve for no more than two terms but may be considered for further terms of office, provided he or she is successful**

**after open competition following public advertisement. Re-appointment for a second three year term shall be subject to satisfactory attendance and performance.**

#### **11.7 Chairman and Vice Chairman**

(a) The Chairman and Vice Chairman of the Audit and Governance Committee shall be appointed at **first meeting of the Committee in each Council year.** ~~each annual meeting. of the Epping Forest District Council from the District Councillors appointed as members of the Committee.~~ for an ~~initial~~ term of one year expiring on the date ~~next annual Council meeting but will be eligible for reappointment for further terms of office.~~ **of the first meeting of the Committee of the next Council year.**

(b) Casual vacancies in the position of Chairman and Vice Chairman shall be filled in the same way as required in respect of members of the Committee (see paragraph 5.3 above).

**(d) The offices of Chairman and Vice Chairman shall be open to both Councillors serving on the Committee and co-opted members.**

**(e) Where the Chairman of the Committee is a Councillor, the Vice Chairman will be appointed from among the independent members. Where the Chairman is appointed from one of the independent members of the Committee, the Vice Chairman shall be a Councillor.**

#### **11.8 Meetings of the Committee**

(a) The Committee shall meet at least four times each year.

(b) All meetings shall be open to the press and public except where the Committee resolves that exempt or confidential business must be considered in private session.

(c) The Committee shall be entitled to require any Member, Heads of Service, their representatives or any other officer to attend their meetings in

order to discuss any matters under discussion including the annual audit programme.

### **11.9 Quorum**

No business may be transacted at a meeting of the Committee unless there are two Councillor members and one co-opted member present.

### **11.10 Decision Making**

(a) Only the Councillors and co-opted members serving on the Committee shall be entitled to vote.

(b) All members of the Committee shall be entitled to all documents advice and facilities relevant to their membership of the Committee, regardless of their status as either a Councillor or Co-opted member.

### **11.11 Other Requirements**

(a) All members of the Committee shall respect the confidentiality of Council information and proceedings where appropriate, particularly where exempt or confidential business is involved.

(b) All co-opted members of the Committee shall be required to make a statutory registration of interests in the same form as those required of serving councillors and to be aware at all times of the requirement to clear any interest relating to their work on the Committee.

**(c) All members of the Committee should seek to attend all meetings of the Committee unless there are exceptional circumstances which prevent this. The Committee will be entitled to seek from the Council a replacement of any of its members who fail to attend at least three meetings of the Committee in any one year They are also expected to participate fully in the proceedings of the Committee, availing themselves of any training, advice and written material to enable them to undertake their role fully.**

**(d) All members shall hold informal discussions with the Chairman of the Committee once a year to appraise separately their contribution to the work of the Committee and their attendance record at meetings.**

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