

Appendix 2 - Audit and Standards Committee - Terms of Reference



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Governance Type	Officer Governance																										
Purpose	<p>Our Audit and Standards Committee is a key component of the West Midlands Combined Authority'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.</p> <p>The purpose of our Audit and Standards Committee is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. It provides independent review of the 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.</p>																										
Accountable to	<p>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.</p> <p>To report to the full Authority 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</p>																										
Membership	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Councillor Sucha Bains</td> <td style="width: 50%;">Coventry City Council</td> </tr> <tr> <td>Councillor Kerrie Carmichael</td> <td>Sandwell Metropolitan Borough Council</td> </tr> <tr> <td>Councillor Keith Chambers</td> <td>Walsall Metropolitan Borough Council</td> </tr> <tr> <td>Councillor Tristan Chatfield</td> <td>Birmingham City Council</td> </tr> <tr> <td>Councillor Craig Collingswood</td> <td>City of Wolverhampton Council</td> </tr> <tr> <td>Sean Farnell</td> <td>Coventry & Warwickshire LEP</td> </tr> <tr> <td>Councillor John Fisher</td> <td>Redditch Borough Council</td> </tr> <tr> <td>Councillor Maureen Freeman</td> <td>Cannock Chase District Council</td> </tr> <tr> <td>Councillor Rachel Harris</td> <td>Dudley Metropolitan Borough Council</td> </tr> <tr> <td>Councillor John Haynes</td> <td>Nuneaton & Bedworth Borough Council</td> </tr> <tr> <td>Councillor Angela Sandison</td> <td>Solihull Metropolitan Borough Council</td> </tr> <tr> <td>Councillor Rob Sloan</td> <td>Telford & Wrekin Council</td> </tr> <tr> <td>Tom Westley</td> <td>Black Country LEP</td> </tr> </table> <p>Greater Birmingham & Solihull LEP (nominee to be appointed)</p>	Councillor Sucha Bains	Coventry City Council	Councillor Kerrie Carmichael	Sandwell Metropolitan Borough Council	Councillor Keith Chambers	Walsall Metropolitan Borough Council	Councillor Tristan Chatfield	Birmingham City Council	Councillor Craig Collingswood	City of Wolverhampton Council	Sean Farnell	Coventry & Warwickshire LEP	Councillor John Fisher	Redditch Borough Council	Councillor Maureen Freeman	Cannock Chase District Council	Councillor Rachel Harris	Dudley Metropolitan Borough Council	Councillor John Haynes	Nuneaton & Bedworth Borough Council	Councillor Angela Sandison	Solihull Metropolitan Borough Council	Councillor Rob Sloan	Telford & Wrekin Council	Tom Westley	Black Country LEP
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	Tamworth Borough Council (nominee to be appointed) The Marches LEP (nominee to be appointed)
Chair	Independent Chair (to be appointed)
Voting	All members of the Audit Committee will have one vote.
Quorum	The quorum for the Audit Committee shall be 3 Committee members.
Frequency	The Audit Committee will meet quarterly or more frequently if required to deliver the work.
Allowances	No allowances to be paid. Expenses to be paid by the Combined Authority.
Servicing	Governance Services will support the service of the Audit and Standards Committee
Functions	<p>Governance, risk and control</p> <ul style="list-style-type: none"> • To review the Authority’s corporate governance arrangements against the good governance framework and consider annual governance reports and assurances. • 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 Authority’s framework of governance, risk management and control. • To consider the Authority’s arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements. • To consider the Authority’s framework of assurance and ensure that it adequately addresses the risks and priorities of the Authority. • To monitor the effective development and operation of risk management in the Authority. • To monitor progress in addressing risk-related issues reported to the committee. • To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. • To review the assessment of fraud risks and potential harm to the Authority from fraud and corruption. • To monitor the counter-fraud strategy, actions and resources.

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WEST MIDLANDS
COMBINED AUTHORITY

	<ul style="list-style-type: none"> • To receive additional assurance reports from the Corporate Assurance team. <p>Internal Audit</p> <ul style="list-style-type: none"> • To approve the internal audit charter. • To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations. • 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 approve significant interim changes to the risk-based internal audit plan and resource requirements. • To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations. • 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: <ul style="list-style-type: none"> ○ 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 programme; ○ 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. • To consider the head of internal audit’s annual report: <ul style="list-style-type: none"> ○ 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. ○ The opinion on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control together with the summary of the work supporting the opinion
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	<p style="text-align: center;">- these will assist the committee in reviewing the annual governance statement.</p> <ul style="list-style-type: none"> • To consider summaries of specific internal audit reports as requested. • 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 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. • 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. • To support the development of effective communication with the head of internal audit. <p>External Audit</p> <ul style="list-style-type: none"> • To consider the external auditor’s annual letter, relevant reports, and the report to those charged with governance. • To consider specific reports as agreed with the external auditor. • To comment on the scope and depth of external audit work and to ensure it gives value for money. • To commission work from internal and external audit. • To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies. <p>Financial reporting</p> <ul style="list-style-type: none"> • To receive detailed training in respect of the process associated with the preparation, sign off, audit and publication of the Authority’s annual statement of accounts. • To monitor the on-going progress towards publication of the Authority’s annual statement of accounts, ensuring the statutory deadlines are achieved. • To obtain explanations for all significant variances between planned and actual expenditure to the extent that it impacts on the annual statement of accounts. • 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
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	<p>to the attention of the Authority.</p> <ul style="list-style-type: none"> • To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts. <p>Standards</p> <ul style="list-style-type: none"> • To promote and maintain high standards of conduct and ethical governance by Members and co-opted Members of the Authority • To appoint Sub-Committees with delegated power to consider investigation reports, to conduct hearings (including the imposition of sanctions), to review decisions of the Monitoring Officer to take no action on a complaint, and to review findings of failure to comply with the Code of Conduct and action taken in respect thereof. • To grant dispensations to Members and co-opted Members from requirements relating to interests set out in the Code of Conduct for Members and co-opted Members. • To exercise any functions which the Authority may consider appropriate from time to time.
Review	To be reviewed in June 2017