

Audit, Standards and Risk Committee

Terms of Reference

Statement of purpose

The Audit, Standards and Risk Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks. The Committee's roles and functions are set out in paragraph 3 below. It also undertakes the Authority's Standards Committee function (see para 3.15 below).

2. Composition and Procedure

2.1. Membership

The Audit, Standards and Risk Committee shall be appointed by the Authority from the Members and/or members of the Constituent councils.

The Authority shall decide the size and membership at the Annual Meeting, provided that the membership shall comprise at least one Independent Person and comply with paragraph 2.3 below.

Independent Persons are non-voting positions.

2.2. Independent Person

For the purposes of paragraph 2.1 above an individual is an Independent Person if that person:

- (i) is not a member, substitute member, co-opted member or officer of the Authority;
- (ii) is not a relative, or close friend, of a person within (i) above; and
- (iii) was not at any time during the 5 years ending with their appointment to the Audit, Standards and Risk Committee a member, substituted member, co-opted member or officer of the authority.

For the purposes of paragraph 2.2(ii) above “relative” has the meaning contained in Article 2(2) of 2017 Order.

For the avoidance of doubt the Authority may agree to pay a reasonable allowance and expenses to the appointed Independent Persons.

2.3. Political Balance

Ignoring the Independent Persons, in appointing co-opted elected members to the Audit, Standards and Risk Committee the Authority must ensure that the members of the committee taken as a whole reflect, so far as reasonably practicable, the balance of political parties for the time being prevailing among members of the Constituent Councils when taken together.

2.4. Chairing the Committee

The Audit, Standards and Risk Committee will be chaired by an elected Member and the vice-chair shall be an Independent Person. The role of Chair shall be appointed to annually at the first quorate meeting of the Committee after the Authority’s AGM. Prior to the meeting nominations will be requested and each nomination shall be voted upon by the Members present at the meeting.

2.5. Quorum

At least two-thirds of the total number of members of the Audit, Standards and Risk Committee must be present at a meeting of the Audit, Standards and Risk Committee before any business may be transacted. If a meeting is not quorate the meeting may discuss any items on the agenda that do not require an executive decision and the minutes will reflect that the meeting was not quorate.

3. Role and Function

3.1. To consider the Authority’s statement of accounts prepared in accordance with the Accounts and Audit (England) Regulations 2011 and make recommendations to the Authority in regard to the Statement prior to the Authority approving the same;

3.2. To consider the External Auditor’s Annual Report including an ISA 260 Audit Results report in accordance with the Accounts and Audit (England) Regulations 2011 and to monitor the Authority’s response to individual issues of concern identified;

3.3. To consider and advise the Authority on the findings of the Authority's review of the effectiveness of its system of internal control and on the Annual Governance Statement;

3.4. To consider and advise the Authority on the findings of an annual review of the effectiveness of its internal audit provider against agreed KPIs;

3.5. To oversee the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements, including approving under delegated powers the Authority's Anti-Fraud and Corruption Policy and associated Fraud Response Plan and any changes to these;

3.6. To challenge the Authority's performance management arrangements;

3.7. To agree, oversee and review the Authority's internal audit strategy, and receive internal audit reports, as appropriate, from the Internal Auditor as well as reports relating to the progress of the internal audit plan, progress of the implementation of internal audit recommendations and the Head of Internal Audit Opinion and Annual Report;

3.8. To engage with the External Auditor and external inspection agencies and other relevant bodies to ensure that there are effective relationships between external and internal audit;

3.9. To review any recommendations in respect of proposed changes to Part 5F of the Authorities Constitution (Financial Regulations) made by the Finance Director and Monitoring Officer or otherwise;

3.10. To ensure effective scrutiny of the Treasury Management Strategy and Policies;

3.11. To consider and advise the Authority on its Code of Corporate Governance.

3.12. To establish advisory panels or working groups as the Committee sees fit in order to discharge its role and functions. In respect of any such panel or group the Committee shall determine the terms of reference.

3.13. The Committee will prepare an annual work plan to ensure that it adequately discharges its responsibilities as set out in this section over the course of the financial year;

3.14. The Committee will also review its own effectiveness annually and report the results of that review along with a review of its work during the financial year, including any items it wishes to particularly note, to the MCA Board via an Annual Report from the Chair of the Committee. The Committee will also provide a mid-year update on the progress of the internal audit plan and on key risks the Authority faces;

3.15 The Chair will formally escalate any matters as deemed appropriate by the Committee to the Chair of the MCA Board in writing. Any matters escalated will be reported to the subsequent MCA Board meeting.

Standards

3.15. To determine, in accordance with the Authority's Arrangements whether a Member (or co-opted voting member) ("Subject Member") has failed to comply with the Authority's Code of Conduct for Members and, if so, to determine what action (if any) to take in respect of the Subject Member, such actions to include:-

- publication of the findings of the Authority's Standards Committee in respect of the Subject Member's conduct;
- reporting the findings of the Authority's Standards Committee to the Combined Authority for information;
- recommendation to the Authority that the Subject Member should be censured;
- instructing the Authority's Monitoring Officer to arrange training for the Subject Member; or
- recommendation to the Authority that the Subject Member should be removed from all appointments to which the Subject Member has been appointed or nominated by the Authority.