PART 3-B5: TERMS OF REFERENCE OF THE AUDIT AND GOVERNANCE COMMITTEE

1.0 Introduction

1.1 During the transition year, the Audit and Governance Committee of the Shadow Authority will provide oversight of a range of core governance and accountability arrangements that will be required to assist the new East Surrey Council and ensure robust arrangements are in place from vesting day.

1.2 The roles and functions of the Audit and Governance Committee are set out below:

Creation of governance, risk and control arrangements

1. To support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.

2. To develop a risk management framework and associated control environment for the East Surrey Council. This will include understanding the risk profile of the organisation and ensuring active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.

3. To develop a system of internal control, including arrangements for financial management, policies on "raising concerns at work / whistleblowing", ensuring value for money, and managing the authority's exposure to the risks of fraud and corruption.

4. To develop the East Surrey Council's contract standing orders and review the financial regulations as required.

Financial and governance reporting

5. To support the development of effective arrangements for financial reporting.

6. To oversee preparations for the East Surrey Council's compliance with the prevailing Accounts and Audit Regulations and CIPFA guidance notes.

Establishing appropriate and effective arrangements for audit and assurance

7. To consider the arrangements that need to be in place to secure adequate assurance across the East Surrey Council's full range of operations and collaborations with other entities.

8. To approve the internal audit strategy and work plan for the East Surrey Council.

9. To review any internal audit reports relating to the Implementation Programme and monitor associated management actions.

10. To receive and approve external audit plans for the new East Council from vesting day.

11. To consider any other matters referred to the Committee by the Chief Financial (Section 151) Officer, or Head of Paid Service, or Senior Responsible Officer.

2.0 Training

2.1 Prior to sitting, either as a Member or as a substitute, on this Committee, all members are required to undertake relevant mandatory training.

3.0 Composition

Membership

3.1 The Audit and Governance Committee comprises:

- 15 Shadow Councillors; and
- Up to 2 independent co-opted Members

3.2 The Chair and Vice Chair of the Committee shall be elected and appointed by the Audit and Governance Committee at their first meeting.

3.3 The Committee may be chaired by an Independent Co-opted Member or an elected Member. If the latter, they should be from a political group that does not form part of the Administration of the Shadow Authority. In the absence of the Chair, a meeting of the Committee shall be chaired by the Vice Chair.

3.4 The Vice Chair shall be an elected Member appointed to the Committee, from a political group that does not from part of the Administration of the Shadow Authority. The Vice Chair's purpose will be to support the Chair of the Committee.

3.5 Members shall be appointed in accordance with the political composition of the Shadow Authority in compliance with sections 15 to 17 of the Local Government and Housing Act 1989.

3.6 The quorum of the meeting shall be 8 members of the Committee.

4.0 Sub Committees of the Audit and Governance Committee

4.1 The Audit and Governance Committee has the power to establish Sub Committees, and appoint to them from within their membership, and to agree terms of reference for such Sub Committees.

5.0 Independent Co-Opted Members

5.1 The Independent Co-opted Members shall be appointed by the Shadow Authority for an initial term of office until Vesting Day which may be extended with the agreement of the East Shadow Council.

5.2 The Independent Co-opted Member role is to support the Council's Audit and Governance Committee in its role to provide independent assurance to the Members of the Shadow Authority and its wider residents and stakeholders.

5.3 The Independent Co-opted Members shall be permitted to vote on any business of the Committee.

5.4 At the end of the term of office, (through lapse of time, removal, or by choice of the Independent Co-opted Member concerned), the Shadow Authority shall invite applications from the general public for appointment as Independent Co-opted Members of the Audit and Governance Committee.

5.5 To be eligible for appointment, candidates must not be engaged in party political activity or have been, at any time in the preceding five years, a member, co-opted member or officer of Surrey County Council or any of the East and West Surrey councils, or of a Parish Council within the Shadow Authority's area, or be a relative or close friend of a councillor or officer of the Shadow Authority.

5.6 Ideally candidates will have significant experience of working at a senior level in a large, complex organisation and have a very good understanding of strategic or financial management or have sat previously on an Audit Committee.

5.7 The Monitoring Officer and Chief Finance Officer, or their representatives, shall short-list candidates and invite them for interview by a panel comprising two members of the Audit and Governance Committee, the Monitoring Officer and the Chief Finance Officer, or their representatives. The recommendations of the Panel, as to the appointment of Independent Co-opted Members, shall be referred to the Shadow Authority for approval.

5.8 Independent Co-opted Members will be expected to actively participate in meetings of the Audit and Governance Committee and demonstrate independence, integrity, objectivity and impartiality in their decision-making.

5.9 Independent Co-opted Members will contribute to the work of the Audit and Governance Committee in its role and functions as set out in paragraph 1.1 and 1.2 above.

6.0 Questions by Members of the Public

6.1 Members of the public may submit written questions to the Chair of the Audit and Governance Committee.

6.2 A member of the public is limited to asking three such questions, on materially different topics, at any meeting of the Audit and Governance Committee.

6.3 No public questions shall be permitted at the inaugural meeting of the Audit and Governance Committee, nor any extraordinary or special meetings of the Audit and Governance Committee.

6.4 Any such question may be rejected by the Monitoring Officer if it appears to them that it is:

- defamatory, frivolous, vexatious or offensive,
- not about a matter for which the Audit and Governance Committee has powers or duties;

- is substantially the same as a question which has been put at a meeting of the Audit and Governance Committee within the last six months;
- it requires the disclosure of confidential or exempt information;
- it refers to legal proceedings taken or anticipated by or against the Shadow Authority; or
- it would more appropriately be responded to by the Shadow Authority under the Freedom of Information Act 2000, or the Data Protection Act 1998 as amended.

If a question is rejected by the Monitoring Officer, the member of the public shall be advised of the reason for rejection.

6.5 The Monitoring Officer may, having consulted the questioner, reword any question received to bring it into proper form and to secure reasonable brevity. Copies will be circulated to members of the Committee as appropriate.

The length of any such question is limited to a maximum of 150 words.

6.6 A question will only be accepted by the Monitoring Officer from a member of the public if it is submitted in writing via email to the Monitoring Officer at XXX by midday, 7 clear working days before the day of the meeting, provided it is not rejected due to any of the grounds above.

6.7 Questions will be taken in the order in which they are received by the Monitoring Officer and directed to the Chair of the Audit and Governance Committee. Questions will be asked and answered without discussion. The Chair of the Committee may decline to answer a question, provide a written reply or nominate another Member to answer it on his/her behalf.

6.8 There shall be a total time limit of 30 minutes at a meeting of the Audit and Governance Committee for taking questions from members of the public. Questions shall be taken in the order in which they are received, except that the Chair may choose to take similar questions together. If the 30 minutes expires during a supplementary question or answer, the Chair may allow the supplementary question to be heard and responded to.

6.9 At the meeting, the member of the public is able to attend either in person or remotely to put their question(s) and has the right to ask one supplementary question without notice to the same Member. The supplementary question must arise directly from the original question or the reply. The member of the public has a maximum of 1 minute to put their supplementary question and the Member responding has a maximum of 2 minutes to respond.

6.10 If the member of the public is not able to attend the meeting either in person or remotely, the question may be read out by an officer.

6.11 The question and any written response will be recorded in the minutes of the meeting.