

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 29 November 2023

Governance Committee Terms of Reference

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

- Following the publication of the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance – “Audit Committees – Practical Guidance for Local Authorities and Police 2022”, the Committee is requested to consider the updated Terms of Reference prior to submission to full council for approval.

Recommendations

- That the Committee consider the updated Terms of Reference prior to submission to full council for approval.
- The Committee discuss and agree whether the Standards responsibilities should remain with the Governance Committee.

Reasons for recommendations

- The Governance Committee is a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements.

Other options considered and rejected

- Not applicable.

Corporate priorities

- The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

7. The purpose of the Governance Committee is to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
8. As presented at the meeting in August, CIPFA have issued "Audit Committees – Practical Guidance for Local Authorities and Police 2022". This sets out the functions, operations, roles, and responsibilities of audit / governance committees in local authorities and represents best practice.
9. Members will recall that self-assessment of good practice undertaken and presented in September identified that some amendments are required to the current Terms of Reference following the review with the model contained within the guidance.

Updated Terms of Reference

10. Internal Audit have now carried out a full review and have identified that the Governance Committee is already largely operating in line with the model terms of reference. The comparison is shown at **Appendix A**.
11. Included within the current terms of reference are some specific requirements for Chorley Council, highlighted in bold and only one of these will be retained.
12. In 2012, the Standards Committee merged with the Audit Committee to become the Governance Committee and the current terms of reference was amended to reflect the additional responsibilities. At the recent CIPFA Audit Committee training, it was highlighted best practice suggests that there should be separate Audit and Standards Committees. The Committee are asked therefore to consider whether these responsibilities should remain with the Governance Committee or be removed, and a separate committee formed.

Climate change and air quality

13. The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

14. The material presented and discussed in this report has no direct implications on equality and diversity.

Risk

15. Risks are outlined in the body of the report.

Comments of the Statutory Finance Officer

16. No comments.

Comments of the Monitoring Officer

17. It should be noted that CIPFA best practice is guidance and not binding. It is the case that the reasons for the decision to combine the Audit and Standards functions into a single committee still exist. It is appropriate however to revisit this decision regularly to ensure that the council's delegations and decision making bodies meet the needs of the council.

Background documents

Audit Committees: Practical guidance for local authorities and police 2022

Appendices

Appendix A – Governance Committee Terms of Reference comparison

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