

| Suggested Terms of Reference  | Current Status        | Details of Compliance  | Action                                  |
|---|-----------------------|--|---|
| <b>Statement of Purpose</b>   |                       |  |   |
| <p>1. Our Governance committee is a key component of Chorley Council'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>2. The purpose of our Governance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Chorley Council's 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> |                       |  | Statement of Purpose should be adopted. |
| <p>3. To review the council's corporate governance arrangements against the CIPFA / SOLACE Good Governance Framework, including the ethical framework and consider the Local Code of Governance.</p>  | Compliant             | Reports on the governance arrangements are considered by the Committee including the local code of governance and the Annual Governance Statement.   |   |
| <p>4. To approve 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 council's framework of governance, risk management and control.</p>  | Compliant             | Annual Governance Statement presented to committee prior to approval on an annual basis.   |   |
| <p>5. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</p>  | Compliant             | Reports presented by External Audit provide a Value for Money opinion on an annual basis. Value for Money considered within Internal Audit reviews where appropriate and reported on an exception basis. |   |
| <p>6. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.</p>   | Compliant             | Reports presented to committee, including Internal Audit Annual Report, Strategic Risk Register Report, Annual Governance Statement report & update.   |   |
| <b>Suggested Terms of Reference</b>   | <b>Current Status</b> | <b>Details of Compliance</b>   | <b>Action</b>                           |
| 7. To monitor the effective development and operation of risk management in the   | Compliant             | Risk Management Strategy   |   |

|  |                       |   |   |
|--|-----------------------|---|---|
| council.   |                       | approved by Governance Committee April 2021<br><br>Strategic Risk Register presented to the Committee annually. |   |
| 8. To monitor progress in addressing risk relating issues reported to the committee.   | Compliant             | Reports presented to committee.   |   |
| 9. To consider reports on the effectiveness of internal control and monitor the implementation of agreed actions.  | Compliant             | Reports presented to committee.<br>Non implementation of agreed actions reported on an exception basis.         |   |
| 10. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.   | Compliant             | Fraud risks / findings brought to the attention of the committee.   |   |
| 11. To monitor the counter- fraud strategy, actions and resources.   | Compliant             | Annual review of the Council's Counter Fraud Policies presented to the committee in May 21                      |   |
| 12. To review the governance and assurance arrangements for significant partnerships or collaborations.  | Non compliant         |   | Report to be presented to Committee on an annual basis. |
| 13. To approve the Internal Audit Charter.   | Compliant             | Internal Audit Charter approved by the committee April 21   |   |
| 14. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.  | Not applicable        | In house service delivered.   |   |
| 15. 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. | Compliant             | Internal Audit plan presented to and approved by committee annually.  |   |
| <b>Suggested Terms of Reference</b>  | <b>Current Status</b> | <b>Details of Compliance</b>  | <b>Action</b>   |
| 16. To approve significant interim changes to the risk based internal audit plan and   | Compliant             | Significant changes are reported  |   |

|  |                       |  |               |
|--|-----------------------|--|---------------|
| resource requirements.   |                       | to committee.  |               |
| 17. To make appropriate enquiries of both management and the Service Lead audit and Risk to determine if there are any inappropriate scope or resource limitations.  | Compliant             | Internal Audit plan presented to and approved by committee annually.   |               |
| 18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.  | Compliant             | Impairments / safeguards included within the Internal Audit Charter approved by Committee April 2021.  |               |
| 19. To consider reports from the service lead audit and risk of internal audit's performance during the year, including the performance of external provider of internal audit services. These will include:<br><br><ul style="list-style-type: none"> <li>a) Updates on the work of internal audit including key findings of issues of concern and action in hand as a result of internal audit work.</li> <li>b) Regular reports on the results of the Quality Assurance and Improvement Programme.</li> <li>c) 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.</li> </ul> | Compliant             | Annual and Interim reports presented to the Governance Committee in June, November and January.<br><br>The committee is advised in the Annual Report that the Internal Audit service is compliant with the Public Sector Internal Audit Standards (PSIAS)& Local Government Application Note.<br><br>In accordance with the PSIAS, the Internal Audit Service was externally assessed in April 2018 and the report presented to the Committee in May 2018. |               |
| 20. To consider the service lead audit and risk annual report:<br><br><ul style="list-style-type: none"> <li>a) 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.</li> <li>b) The opinion of the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing in Annual Governance Statement.</li> </ul>  | Compliant             | Annual report & opinion presented to the Governance Committee.<br><br>The committee is advised in the annual report that the Internal Audit service is compliant with the Public Sector Internal Audit Standards & Local Government Application Note.  |               |
| <b>Suggested Terms of Reference</b>  | <b>Current Status</b> | <b>Details of Compliance</b>   | <b>Action</b> |
| 21.To consider summaries of specific internal audit reports as requested.  | Compliant             | Included with interim and annual reports.  |               |

|   |                |   |               |
|---|----------------|---|---------------|
|   |                |   |               |
| 22. 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. | Compliant      | Non implementation of agreed actions reported on an exception basis.  |               |
| 23. 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.   | Compliant      | The Chair / Vice Chair of the Committee were involved with the external quality assessment in April 2018.   |               |
| 24. 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.  | Compliant      | Included with the Internal Audit Annual report.   |               |
| 25. To provide free and unfettered access to the audit committee chair for the service lead audit and risk , including the opportunity for a private meeting with the committee.  | Compliant      | Arrangements incorporated within the Council's constitution   |               |
| 26. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.  | Compliant      | Reports presented to committee.   |               |
| 27. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.  | Compliant      | Reports presented to committee  |               |
| 28. To automatically refer any external auditor's report that has received a qualified opinion for consideration at the next available Full Council meeting   | N/A            | If required   |               |
| 29. To consider specific reports as agreed with the external auditor.   | Compliant      | Reports presented to committee.   |               |
| 29. To comment on the scope and depth of external audit work and to ensure it gives value for money.  | Compliant      | Reports presented to committee.   |               |
| 30. To commission work from internal and external audit.  | Compliant      | As & when required.   |               |
| 31. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.   | Compliant      | Arrangements incorporated within the Council's constitution & included within Internal Audit Annual report. |               |
| <b>Suggested Terms of Reference</b>   | <b>Current</b> | <b>Details of Compliance</b>  | <b>Action</b> |

|  | <b>Status</b> |  |                                   |
|--|---------------|--|-----------------------------------|
| 32. To approve 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 to the attention of the council.                    | Compliant     | Reports presented to Committee.                                |                                   |
| 33. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.   | Compliant     | Reports presented to Committee.                                |                                   |
| 34. 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. | Compliant     | Report produced to full council on a regular basis.            |                                   |
| 35. To report to full council on a regular basis on the committees performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose   | Non compliant |  | Review to be undertaken annually. |
| 36. To publish an annual report on the work of the committee   | Compliant     | Annual report to full council is a publicly available document |                                   |

