



Audit, Risk & Assurance Committee

Date	18 April 2023
Report title	Terms of Reference - Audit Risk and Assurance Committee
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Report has been considered by	Executive Board: 29 March 2023

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

1. Review and endorse the updated Terms of Reference for Audit, Risk and Assurance committee (ARAC).
2. **Purpose**
 - 2.1 The Terms of Reference were initially considered at the ARAC meeting in July 2022 and it was resolved that they be reviewed and brought back to a future meeting.
 - 2.2 The Terms of Reference set out the structure of the committee, detailing its purpose, roles and responsibilities. This includes details of the committee membership and provisions to ensure that the committee complies with the obligations, as defined in Part 4 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017.

3. Background

3.1 CIPFA's position statement 2022 in relation to the purpose of Audit Committees states that :

“Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective. The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.”

3.1 The Terms of Reference have been updated taking the CIPFA statement into account. and the following considerations, amendments and additions are now recommended:

3.2 That the role of Chair continues to be undertaken by the independent member. We recommend that there also be an annual appointment of a Vice Chair, to be determined at the first meeting of the municipal year by voting members of the Committee.

3.3 That membership remains as previously set, with the GBSLEP membership remaining until 31st March 2024 in line with the continuation of this LEP until this date. An invitation to continue as a member of this committee is to be issued to the current GBSLEP representative.

3.4 That consideration be given to increasing the number of Independent persons from one to two, (currently held by the Chair of ARAC).

3.5 That the Quorum reflect the requirements as set out within the Order referenced in 1.2 which sets a requirement in Part 4, paragraph 14.7 for the quorum to be no fewer than two thirds of the total number of members as shown below:

‘The combined authority must determine a minimum number of members required to be present at a meeting of the audit committee before business may be transacted, to be no fewer than two-thirds of the total number of members of the audit committee’.

3.6 That the functions be updated to reflect the additional annual assurance reports that are received by ARAC in relation to Health and Safety, Data Protection and Equalities.

3.7 Clarification has been sought on the membership of non-constituent authorities to this committee. Whilst there are 10 non-constituent member authorities of the WMCA, these 4 seats are allocated to one member from each of the county areas (Shropshire, Staffordshire, Warwickshire and Worcestershire).

3.8 That it be noted that ARAC already considers Financial monitoring and External audit activities, these functions had inadvertently been omitted from the previous version shared with ARAC in July 2022 and have been restored as part of this update.

3.9 That ARAC be recognised as having responsibility for undertaking the role of the Standards Committee as detailed within the Constitution. Details of the related functions for this role have been included in this update.

4. Financial Implications

None

5. Legal Implications

None

6. Equalities Implications

None

7. Inclusive Growth Implications

Not applicable.

8. Geographical Area of Report's Implications

Not applicable.

9. Other Implications

Not applicable.

10. Schedule of Background Papers

Appendix 1 – Draft Terms of Reference