

## Audit Risk and Assurance Committee

### Terms of Reference

<p><b>Purpose</b></p>	<p>The Audit, Risk &amp; Assurance Committee is a key component of the WMCA's corporate governance arrangements. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the committee is to provide independent assurance to the WMCA on the adequacy of the risk management framework and the internal control environment.</p> <p>It provides an independent review of the 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>
<p><b>Accountable to</b></p>	<p>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.</p> <p>To report to WMCA Board on a regular basis on the committee's performance in relation to the terms of reference, and the effectiveness of the committee in meeting its purpose.</p>
<p><b>Membership</b></p>	<p>Constituent Authorities x 7 Non-Constituent Authorities x 4 – representing Warwickshire, Shropshire, Staffordshire and Worcestershire GBSLEP representative x 1 Independent Member x 1</p>
<p><b>Chair</b></p>	<p>The committee is to be chaired by the independent member.</p> <p>The Vice Chair will be appointed by Committee members at the first meeting of the municipal year.</p>
<p><b>Voting</b></p>	<p>All members of the Audit, Risk &amp; Assurance Committee will have one vote, except the Chair who is not eligible to vote and nor will exercise a casting vote.</p>
<p><b>Quorum</b></p>	<p>The quorum shall be two-thirds of its membership (<del>nine members</del>).</p>

<p><b>Frequency</b></p>	<p>The Audit, Risk &amp; Assurance Committee will meet quarterly, or more frequently if required to deliver the work.</p>
<p><b>Servicing</b></p>	<p>Meetings of the committee will be serviced by the WMCA's Governance Services Team.</p>
<p><b>Functions</b></p>	<p><b>Governance, Risk and Control</b></p> <ul style="list-style-type: none"> <li>• To review the WMCA's corporate governance arrangements against the good governance framework and consider annual governance and assurance reports.</li> <li>• To review 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 WMCA's framework of governance, risk management and control.</li> <li>• To consider the WMCA's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</li> <li>• To consider the WMCA's framework of assurance and ensure that it adequately addresses the risks and priorities of the WMCA.</li> <li>• To monitor the effective development and operation of risk management in the WMCA.</li> <li>• To monitor progress in addressing risk-related issues reported to the committee.</li> <li>• To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</li> <li>• To review the assessment of fraud risks and potential harm to the WMCA from fraud and corruption.</li> <li>• To monitor the counter-fraud strategy, actions and resources.</li> <li>• To receive additional assurance reports from the Programme Assurance and Appraisal, Health &amp; Safety, Data Protection and Equalities teams</li> </ul>

### Internal Audit

- To approve the Internal Audit Charter.
- To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- To approve the 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.
- To approve significant interim changes to the internal audit plan and resource requirements.
- To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.
  - These will include:
    - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
    - Regular reports on the results of the quality assurance and improvement programme;
    - 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.
- To consider the Head of Internal Audit's annual report:
  - 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 of internal audit;
  - The opinion on the overall adequacy and effectiveness of the WMCA'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 the annual governance statement.

- To consider summaries of specific internal audit reports as requested.

#### **External Audit**

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

#### **Financial reporting**

- To receive detailed training in respect of the process associated with the preparation, sign-off, audit and publication of the Authority's annual statement of accounts.
- To monitor the on-going progress towards publication of the Authority's annual statement of accounts, ensuring the statutory deadlines are achieved.
- To obtain explanations for all significant variances between planned and actual expenditure to the extent that it impacts on the annual statement of accounts.
- To review 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 Authority.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

#### **Standards**

- To promote and maintain high standards of conduct and ethical governance by Members and co-opted Members of the Authority.
- To appoint Sub-Committees with delegated power to consider investigation reports, to conduct hearings (including the

	imposition of sanctions), to review decisions of the Monitoring Officer to take no action on a complaint, and to review findings of failure to comply with the Code of Conduct and action taken in respect thereof.
<b>Review</b>	Annually in <del>June</del> <b>March</b>