

# South Yorkshire Pensions Authority

## Audit and Governance Committee Terms of Reference

### Background and Purpose

South Yorkshire Pensions Authority has appointed an Audit and Governance Committee under Article 6 of Part 2 to the Constitution. The Audit and Governance Committee is directly accountable to the Authority.

The Audit and Governance Committee is a key component of the Authority's governance framework. The purpose of this Committee is to provide an independent and high-level focus on the adequacy and effectiveness of the Authority's governance, risk, and control arrangements.

- 1.1 The overall role and purpose of the Audit and Governance Committee shall be:
  - a) To provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.
  - b) To advise and report to the Authority on the adequacy and effectiveness of the Authority's assurance arrangements, framework of governance, risk management and control processes for the economic, effective and efficient use of resources to achieve Value for Money.
  - c) To advise and support the Authority in explaining in its annual reports the measures taken to ensure it has fulfilled its statutory and regulatory responsibilities.

### 1. Membership Terms and Attendance

- 2.1 The Audit and Governance Committee shall comprise six members together with the three co-opted members as identified in Article 2.1(b) of the Constitution. Two independent members and Trade Union representatives.
- 2.2 The Audit and Governance Committee is established so that it is independent of executive decision making and able to provide objective oversight.
- 2.3 The Chair of the Authority may not be a member of the Audit and Governance Committee.
- 2.4 The Audit and Governance Committee should include where possible an appropriate mix of skills and experience to allow it to discharge its collective duties effectively. Committee members are required to attend

training to enhance their knowledge and experience in relevant subjects, including financial reporting, treasury management, and roles and responsibilities in relation to audit in line with the knowledge and skills framework requirements; as well as LGPS mandatory training covering governance, risk management, the system of control, and the responsibilities of the Audit and Governance Committee.

- 2.5 The Audit and Governance Committee shall have an appropriate level of influence within the Authority. The Committee shall have rights of access to and constructive engagement with other functions of the Authority and have the right to request reports and seek assurances from relevant officers.
- 2.6 The Head of Governance shall provide legislative and regulatory advice and the Governance Officer shall provide the administrative support to the meetings.
- 2.7 The Director, the Assistant Director - Resources, the Head of Governance (Monitoring Officer) and the Financial Services Manager will attend all meetings of the Audit and Governance Committee. Regular attendees will also include other appropriate officers of the Authority, the Head of Internal Audit (or representative), and the appointed External Auditor. Other elected members of the Authority may attend meetings by arrangement with the Director, Head of Governance (Monitoring Officer) and Chair of the Audit and Governance Committee but shall not have a vote or count towards the quorum.
- 2.8 The Committee shall have the right to call on any other officers or agencies of the Authority to attend as required.

### **Election of Chair and Vice Chair**

- 3.1 The Chair of the Committee is the Vice Chair of the Authority and will be nominated for approval at the annual Authority meeting.

### **Frequency and Conduct of Meetings**

- 4.1 The Audit and Governance Committee shall meet at least four times a year and have a clear understanding on those items to be considered in private and those to be considered in public. The meetings will be scheduled annually in advance, to align with timely reporting to the next meeting of the Authority.
- 4.2 Committee meetings will be conducted in accordance with The Constitution, Standing Orders, and the Terms of Reference.

- 4.3 The Audit and Governance Committee may convene meetings and / or identify confidential agenda items to enable private and candid discussions and questioning of the Authority's internal and external auditors with or without management present.
- 4.4 The Committee shall report annually on how it has complied with the position statement, discharged its responsibilities, and this report shall include an assessment of its performance. The report shall be made publicly available and published on the Authority's website.

## 5. Quorum

- 5.1 The quorum for meetings of the Audit and Governance Committee shall be three members (including independent members). Under S13 of the Local Government and Housing Act 189, all decisions will be made by the Authority with recommendations from the Audit and Governance Committee Chair.

## 6. Responsibilities of the Audit and Governance Committee

- 6.1 Maintenance of governance, risk, and control arrangements:
- a) Support and promote a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance and the Authority's [Local Code of Corporate Governance](#).
  - b) Consider the adequacy, effectiveness and efficiency of the Authority's risk management arrangements. The Committee should understand the risk profile of the organisation and seek assurances that effective arrangements are in place to identify and manage risks to the organisation, both for the Authority and for its collaborative arrangements.
  - c) Consider the adequacy, effectiveness and efficiency of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics, and obtaining assurance regarding the Authority's exposure to and response to the risks of fraud and corruption.
  - d) Monitor and oversee the adequacy, effectiveness and efficiency of the information governance framework including compliance with legislative requirements in relation to data breaches, Data Protection Impact Assessments (DPIA) and Data Subject Access requests (DSAR). Receive annual report from the external DPO to provide assurance of data protection compliance, processes and systems.

## 6.2 Financial and governance reporting:

- a) Under the Code of Practice on Local Authority Accounting in the UK, be satisfied that the Authority's accountability statements, including the Annual Governance Statement (AGS), properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the Authority's objectives.
- b) The responsible financial officer is required by statutory provision to sign the annual statement of accounts to confirm that they have been properly prepared and are ready for audit prior to the commencement of the period for the exercise of public rights. These are the unaudited accounts.
- c) CIPFA recommends that it is good practice for both the accounts and the draft AGS to be reviewed by the audit committee prior to the commencement of the external audit. The draft accounts shall be provided to Committee members prior to the external audit; this may fall outside of the meeting cycle. The draft AGS shall be considered, commented upon and challenged as appropriate by the Committee prior to the external audit.
- d) The Committee is designated as Those Charged with Governance (TCWG) and will formally approve the financial statements after the completion of the external audit, prior to publication.
- e) Consider the maintenance of adequate, effective and efficient arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

## 6.3 Establishing appropriate and effective arrangements for audit and assurance:

- a) Consider the arrangements in place to secure adequate, effective and efficient assurance across the body's full range of operations and collaborations with other entities.
- b) In relation to the Authority's internal audit functions:
  - i. Consider and obtain assurance regarding its independence, objectivity, performance, and conformance to Public Sector Internal Audit Standards (PSIAS).
  - ii. Consider and be satisfied as to the effective use of internal audit within the overall assurance framework. This may include independent, external evaluation periodically.

- iii. Approve (but not direct) the annual Internal Audit plan.
- iv. Monitor performance against Internal Audit's Charter and Annual Plan and receive the Annual Report and periodic reports of the Head of Internal Audit.
- v. Monitor progress against management actions agreed in response to the internal audit reports.
- c) Safeguard against threats to independence and to satisfy itself that the external auditor's independence is safeguarded. The critical issue of independence will be considered when the external auditor is appointed, but the Committee's role will be to monitor on an annual basis, or more often when required.
- d) The Committee should discuss with the external auditor their assessment of threats to independence and any safeguards. The potential threats are self-interest, self-review, management, advocacy, familiarity, or intimidation threats.
- e) Consider the opinion, reports, and recommendations of external audit and those of any inspection agencies, and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- f) Ensure regular communication between the Chair and internal / external auditors and ensure that both internal and external audit have access to the Chair as required.
- g) Consider and monitor the operation of adequate, efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- h) Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review, and accountability.

## 7. Other Responsibilities

- 7.1 The adoption of the CIPFA Position Statement on Audit and Governance Committees and compliance with the practice and principles therein. The statement sets out the purpose, model, core functions and membership of the committee.
- 7.2 To determine, implement and evaluate the annual work plan to achieve the responsibilities of the Audit and Governance Committee.

- 7.3 To conduct an annual review of its performance against these Terms of Reference and the annual work plan.
- 7.4 To participate in related training and development activities to fulfil its remit effectively.
- 7.5 Minutes of the Audit and Governance Committee meeting (agreed by the Chair) shall be submitted for information at the subsequent Authority meeting.

## 8. Powers of the Audit and Governance Committee

- 8.1 The Audit and Governance Committee shall have the powers set out in the Scheme of Delegation in the Constitution of the Authority.

### Summary Of Workplan Items For The Audit And Governance Committee

Item	Approved by the Audit and Governance Committee	Review and / or recommend to the Authority for approval
<b>Appointment of Independent Assurance Providers E.g., internal, and external audit</b>		✓
<b>External Auditor's Annual Audit Plan</b>	✓	
<b>External Auditor's Annual Report</b>	✓	
<b>Letter of Representation to External Auditor</b>	✓	
<b>Internal Audit Plan</b>	✓	
<b>Head of Internal Audit Annual Report</b>	✓	
<b>Annual Audited Financial Statements</b>	✓	
<b>Anti-Fraud Policy</b>		✓
<b>Health &amp; Safety Policy</b>		✓
<b>Whistle Blowing Policy</b>		✓
<b>Annual Review of Risk Management Framework</b>		✓
<b>Strategic Risk Register Monitoring</b>		✓

<b>Audit and Governance Committee Annual Report</b>		✓
<b>Review Assurance Statements including Annual Governance Statement</b>		✓
<b>Review Reports Relating to Information Governance</b>		✓
<b>Committee Terms of Reference and Annual Work Plan</b>		✓