

# **Policy**

## **Audit Arrangements and Risk Management**

### **Purpose**

This Policy sets out arrangements for audit and risk management to support the Combined County Authority in achieving its stated aims and ambitions and ensuring regulatory compliance and resultant public confidence in the good governance of the authority.

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## Principles

This policy builds upon the Combined County Authority's Constitution and Local Assurance Framework. The Combined County Authority has adopted the following audit and risk management principles:

### 1.1 Robust Internal Controls:

- Establish and maintain strong internal controls across functions and processes within the authority.
- These controls should cover areas such as financial management, procurement, risk management, and governance.
- Regularly review and update these controls to adapt to changing circumstances.

### 1.2 Internal Audit Function:

- Appoint or establish an internal audit function.
- The internal audit team should be independent, adequately resourced, and skilled in auditing techniques.
- Conduct regular internal audits to assess compliance with policies, procedures, and legal requirements.
- Address any identified weaknesses promptly.

### 1.3 Risk Management:

- Develop a comprehensive risk management framework for both strategic and operational risks.
- Identify and assess risks specific to the authority's operations.
- Mitigate risks through appropriate controls and monitoring.

### 1.4 External Audit Engagement:

- Engage with external auditors.
- Provide access to necessary documents, data, and personnel during the audit process.
- Address any audit findings promptly and implement recommended improvements.

### 1.5 Transparency and Accountability:

- Maintain transparent financial reporting.
- Publish annual financial statements and reports.
- Ensure that financial information is accurate, complete, and timely.

### 1.6 Training and Awareness:

- Train staff and members on audit requirements, their roles, and responsibilities.

- Foster a culture of compliance and accountability.

#### 1.7 Legal and Regulatory Compliance:

- Stay informed about changes in relevant laws and regulations.
- Comply with reporting deadlines and requirements set by regulatory bodies.

### **Governance of audit and risk management**

Audit committees provide independent and high-level oversight of governance, risk, and control arrangements. By ensuring sufficient assurance over these aspects, Audit Committees instil confidence in all those responsible for governance that the arrangements are effective and appropriate.

The GLCCA Audit Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements. Its purpose is to provide independent review and assurance to Members on governance, risk management and control frameworks.

The Audit and Governance Committee shall undertake the following for the authority:

#### Accounts

- Approve the annual statement of accounts.

#### Governance

- Review corporate governance arrangements against the good governance framework.
- Review the Annual Governance Statement prior to approval to ensure it properly reflects the risk environment and supporting assurances.
- Annually review the assurance framework to ensure it adequately addresses risks and priorities including governance arrangements of significant partnerships.
- Monitor the Combined County Authority's risk and performance management arrangements including reviewing the risk register, progress with mitigating actions and assurances.
- Monitor the anti-fraud and whistle blowing policies and the complaint process.

#### Internal Audit

- The Combined County Authority must appoint a Local Auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.
- Provide assurances over the effectiveness of internal audit functions and assuring the internal control environments of key partners.
- Review internal audit requirements undertaken by the Combined County Authority
- Approve the internal audit plan.

- Consider reports and assurances from the Chief Finance Officer in relation to:
  - i. Internal Audit performance;
  - ii. Annual Assurance Opinion on the adequacy and effectiveness of the framework of governance, risk management and control;
  - iii. Risk management and assurance mapping arrangement;
  - iv. Progress to implement recommendations including concerns or where managers have accepted risks that the Authority may find unacceptable.

### External Audit

- Review the annual accounts.
- Consider the annual external audit of the Combined County Authority's accounts, including the Annual Audit Letter and assessing the implications and monitoring managers' response to concerns.

### Financial Reporting

- Consider whether accounting policies were appropriately followed and any need to report concerns to the Combined County Authority Board.
- Consider any issues arising from External Auditor's audit of the account.
- Ensure there is effective scrutiny of the treasury management strategy and policies in accordance with [CIPFA's Code of Practice](#).
- Maintain an overview of the Combined County Authority's Constitution in respect of contract procedure rules, financial regulations and standards of conduct and make recommendations to the Chief Finance Officer and Monitoring Officer where necessary.

### Code of Conduct

- Ensure the Combined County Authority has effective policies and processes in place to ensure high standards of conduct by its Members and Co-opted Members.
- Assisting the Members and Co-opted Members to observe the Code of Conduct.
- Advising the Combined County Authority on the adoption or revision of the Code of Conduct and monitor its operation.
- Advising on training and overseeing the effectiveness of any training for Members and Co-opted Members on matters relating to the Code of Conduct.

### General

- To review any issue referred to the Committee by the Chief Operating Officer, Director, s73 Officer, the Monitoring Officer or any Combined County Authority Member.
- Report and make recommendations to the Combined County Authority in relation to the above.