

Audit, Standards & Governance Committee

15th October 2026

Report: Audit, Standards and Governance Committee Procedure Rules

Relevant Portfolio Holder	Councillor Simon Nock
Portfolio Holder Consulted	Yes
Relevant Assistant Director	Debra Goodall
Report Author	Job Title: James Walton, Director of Finance and Section 151 Officer. Contact email: James.walton@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Council Priority	Sustainability
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

**The Audit, Standards and Governance Committee is asked to
RESOLVE:**

- 1.1. to consider the proposed revisions to the Audit, Standards and Governance Committee Procedure Rules (Part 13 of the Constitution) as set out in Appendix 1 and endorse the proposed amendments;
- 1.2. to consider the proposed Independent Person Role Description and Person Specification attached at Appendix 2 and determine whether it provides an appropriate framework for the recruitment, appointment, induction and development of Independent Member(s) to support the work of the Audit, Standards and Governance Committee;
- 1.3. to consider the areas where the revised Terms of Reference remain partially aligned, rather than fully aligned, with the CIPFA Audit Committee Position Statement 2022 and determine whether the Committee wishes to recommend further amendments to Full Council to achieve full alignment with best practice as set out in paragraphs 2.18 to 2.27. Any recommended amendments should be specified at the meeting.
- 1.4. to delegate authority to the Monitoring Officer to make any minor drafting, typographical, formatting or consequential amendments

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necessary prior to the revised Procedure Rules being presented to Council for approval; and

**The Audit, Standards and Governance Committee is asked
RECOMMEND:**

- 1.5. the approval of the revised Audit, Standards and Governance Committee Procedure Rules (Part 13 of the Constitution).

2. BACKGROUND

Committee Procedure Rules

- 2.1 The Audit, Standards and Governance Committee Procedure Rules form Part 13 of the Council's Constitution. Any amendments to the Procedure Rules therefore require approval by Full Council before they can take effect.
- 2.2 The existing Procedure Rules have been reviewed and updated to reflect developments in good governance practice, changes in the expectations placed upon local authority audit committees, and the principles set out within the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committee Position Statement and supporting guidance. The review has also considered developments in governance, risk management, internal audit, external audit, assurance, financial management and annual governance reporting since the current provisions were originally adopted.
- 2.3 The revised Procedure Rules retain the Council's existing constitutional requirement for the Committee to undertake both audit and standards functions. Whilst national guidance generally envisages a dedicated audit committee, the revised Procedure Rules have been drafted to ensure that the Committee's standards responsibilities continue to be discharged whilst strengthening and modernising the Committee's audit, governance, risk management and assurance responsibilities.
- 2.4 The revised Procedure Rules are attached at Appendix 1, marked up to show amendments from the current version.
- 2.5. The principal amendments include:
2.5.1. A revised statement of purpose and role for the Committee, clarifying its independent assurance function.

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- 2.5.2. Expanded responsibilities relating to governance, risk management, internal control, financial management, value for money, whistleblowing, counter-fraud and assurance.
 - 2.5.3. Strengthened arrangements relating to the Annual Governance Statement and financial reporting.
 - 2.5.4. Updated provisions for Internal Audit, including oversight of independence, professional standards, quality assurance and implementation of recommendations.
 - 2.5.5. Updated provisions relating to External Audit, including audit quality, independence, effectiveness and audit planning.
 - 2.5.6. New provisions regarding training, knowledge, effectiveness, access to information and annual self-assessment.
 - 2.5.7. Enhanced accountability arrangements including annual reporting to Council.
 - 2.5.8. Updates to reflect current arrangements for the appointment and oversight of External Audit.
 - 2.5.9. Clarification of the Committee's relationship with management, Executive functions and Overview and Scrutiny.
- 2.6. Collectively, these amendments are intended to provide greater clarity regarding the Committee's role and to strengthen the Council's governance framework by aligning the constitutional provisions more closely with contemporary best practice.
- 2.7. An additional amendment has been included to clarify the Committee's role in relation to treasury management scrutiny. CIPFA guidance notes that where an authority nominates its audit committee to undertake the treasury management scrutiny role, this should be clearly reflected within the terms of reference. The proposed amendment formalises the Committee's role in reviewing treasury management strategy, performance, risk and compliance arrangements and strengthens alignment with the CIPFA Treasury Management Code of Practice and associated professional guidance. Treasury management is recognised as a specialist area and, accordingly, provision has also been made within the revised Terms of Reference for ongoing member training and development to support effective scrutiny and challenge.

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- 2.8. Members will note that whilst the terms of reference have historically included attendance from Parish Council representatives, reflecting the Committee's role in supporting and maintaining standards in public life, the wording has been amended so that Parish Council representation is expressed as "may" rather than "will". This amendment reflects the fact that attendance by Parish representatives is optional rather than mandatory and therefore better reflects the arrangements operated in practice.
- 2.9. Subject to the Committee's consideration, the revised Procedure Rules (alongside updated Part 5 Terms of Reference aligned to this) will be referred to Full Council for approval as a constitutional amendment.

Independent Person Role

- 2.10. In addition to the revisions to the Committee Procedure Rules, a revised Independent Person Role Description and Person Specification has been prepared and is attached at Appendix 2.
- 2.11. The role profile has been developed having regard to the CIPFA Audit Committee Position Statement 2022, supporting CIPFA guidance and the proposed Audit, Standards and Governance Committee Terms of Reference. It has been designed to provide a clear explanation of the role, responsibilities, expectations and commitment required of an Independent Person and to support future recruitment exercises.
- 2.12. The document has been structured in two parts. The first provides an accessible overview of the role, enabling prospective candidates to understand the purpose of the position, the commitment involved and the type of experience and attributes sought. The second provides a detailed job description and person specification aligned to the revised Terms of Reference.
- 2.13. The introduction of a modernised role description will support the Council's commitment to good governance and strengthen arrangements for the recruitment, induction, development and ongoing contribution of Independent Persons, bringing the role into line with contemporary audit committee best practice.

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Areas of Partial Alignment with the CIPFA Audit Committee Position Statement

- 2.14. The CIPFA Position Statement sets out the purpose, model, core functions and membership of the audit committee and represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt.
- 2.15. The proposed amendments to the Procedure Rules significantly strengthen the Committee's responsibilities and are almost fully compliant with the CIPFA Position Statement. There remain, however, two areas where the Council's proposed arrangements differ from CIPFA's recommended model.

Non-Alignment - Independent Persons

- 2.16. The revised Terms of Reference provide for the appointment of at least one non-voting independent co-opted member to support the Committee's audit, governance, risk and assurance responsibilities. The CIPFA Position Statement recommends that, where there is no legislative requirement otherwise, local authority audit committees **should include at least two co-opted independent persons** in order to provide additional technical expertise and independent challenge.
- 2.17. The proposed Terms of Reference therefore represent a strengthening of the Council's existing arrangements but do not fully adopt CIPFA's preferred model. Should the Committee wish to move to full alignment with the Position Statement, consideration could be given to increasing the minimum number of independent co-opted persons from one to two.

Non-Alignment - Committee Size

- 2.18. The revised Terms of Reference retain the current membership of eleven elected Members. The CIPFA Position Statement does not prescribe a specific number of Members but recommends that audit committees should be of an appropriate size to operate as a group of experienced and trained Members and notes that large committees should be avoided.
- 2.19. CIPFA's supporting guidance suggests that a smaller committee can be beneficial as per the following quote:

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*“Among local authorities, there is a range of practice, including some committees that exceed ten members. In the sector, it can be harder to achieve the depth of knowledge and experience that is desirable with a small number, but equally it can be difficult to provide training and development for a large group. CIPFA’s recommendation is that a **committee size of no more than eight members should be established**. This allows sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.”*

- 2.20. The Council's Audit, Standards and Governance Committee undertakes both audit and standards functions and includes provision for Parish Council representation in relation to standards matters.
- 2.21. Members may wish to consider whether the current membership arrangements continue to provide the most effective balance between audit, governance and standards responsibilities, or whether a reduced membership would better reflect CIPFA's recommended model.
- 2.22. Subject to the Committee's consideration of the two matters outlined above, officers consider that the revised Terms of Reference achieve substantial alignment with the CIPFA Audit Committee Position Statement 2022 and represent a significant strengthening of the Council's governance framework.
- 2.23. The Committee is therefore invited to determine whether it is satisfied that the proposed Terms of Reference strike an appropriate balance between local circumstances and CIPFA best practice or it wishes to recommend further amendments relating to independent membership and/or committee size in order to move to full alignment with the CIPFA Position Statement.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from the proposed amendments.
- 3.2 The revised Procedure Rules principally clarify and strengthen existing governance, assurance and accountability arrangements. Any officer support, training or administrative requirements will be met from existing resources.

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- 3.3 The financial implications of introducing one or more independent persons to the committee (which would not be remunerated) would be limited to the payment of expenses and travel costs.

4. LEGAL IMPLICATIONS

- 4.1. There are no direct legal implications arising from the proposed amendments.
- 4.2. The proposed changes relate to the Council's constitutional arrangements and are intended to strengthen governance, audit and assurance oversight. Any amendments to the Constitution will be subject to approval by Full Council in accordance with the Council's constitutional requirements.
- 4.3 The Local Audit and Accountability Act 2014, as amended by the English Devolution and Community Empowerment Act 2026, now requires that at least one member of an audit committee is an Independent Person. The proposals in this report in respect of Independent Persons would enable the Council to address this statutory requirement.

5. OTHER - IMPLICATIONS

Local Government Reorganisation (LGR)

- 5.1 There are no direct implications arising from Local Government Reorganisation.
- 5.2 Strong governance, assurance, risk management and audit arrangements will, however, assist the Council in maintaining effective oversight throughout any future transition arrangements.

Relevant Council Priority

- 5.3 Financial resilience and good governance underpin the council's ability to meet all of its priorities. The revised Procedure Rules strengthen the Committee's role in providing assurance regarding governance, financial management, risk management, audit arrangements and internal control.

Climate Change Implications

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- 5.4 There are no direct climate change implications arising from the proposed amendments.

Equalities and Diversity Implications

- 5.5 No adverse equalities or diversity implications have been identified.
- 5.6 The amendments relate to governance and constitutional arrangements and do not alter access to services or decision-making rights.

Community Impact Implications

- 5.7 There are no community safety or health and wellbeing implications.

6 RISK MANAGEMENT

- 6.1 The Audit, Standards and Governance Committee plays a key role within the Council's overall risk management framework. The revised Procedure Rules strengthen the Committee's oversight of:
- Corporate governance arrangements;
 - Risk management arrangements;
 - Internal control effectiveness;
 - Financial management;
 - Counter-fraud and whistleblowing arrangements;
 - Internal and external audit;
 - Annual Governance Statement processes; and
 - Management responses to significant audit findings and recommendations.
- 6.2 The amendments therefore support the management of several corporate risks relating to governance, financial control, assurance, compliance, organisational resilience and delivery of statutory responsibilities.

7. APPENDICES and BACKGROUND PAPERS

- 7.1 Appendix 1 – Audit, Standards and Governance Committee Procedure Rules – November 2026 (changes highlighted in track changes).
- 7.2 Appendix 2 – Independent Person Role Description.