

# Part 2 - Articles

## Article 9 – Audit and Ethical Arrangements

### Audit Committee Arrangements

- 9.1. The Combined Authority must appoint an audit committee.<sup>1</sup>
- 9.2. The functions of an audit committee include<sup>2</sup>:
- reviewing and scrutinising the Combined Authority’s financial affairs,
  - reviewing and assessing the Combined Authority’s risk management, internal control and corporate governance arrangements,
  - reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Combined Authority’s functions, and
  - making reports and recommendations to the Combined Authority in relation to any reviews it conducts.
- 9.3. The functions of the Combined Authority’s audit committee are set out in the committee’s **terms of reference** in Part 3 of the Constitution.
- 9.4. The Combined Authority must ensure that the members of the audit committee taken as a whole reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the Constituent Councils when taken together.<sup>3</sup>
- 9.5. The audit committee may not include any officer of the Combined Authority or of a Constituent Council.<sup>4</sup>
- 9.6. The Combined Authority must appoint at least one independent person to the audit committee.<sup>5</sup>
- 9.7. The quorum for an audit committee must be no fewer than two-thirds of the total number of members of the committee.<sup>6</sup>
- 9.8. A joint body may be appointed to consider the internal and external audit reports of both the Mayor in respect of PCC Functions and the Chief Constable, and to advise according to good governance principles including

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<sup>1</sup> Paragraph 4(1) of Schedule 5A of the Local Democracy, Economic Development and Construction Act 2009 and Article 14 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017

<sup>2</sup> Paragraph 4 of Schedule 5A of the 2009 Act

<sup>3</sup> Article 14(1) of the 2017 Order

<sup>4</sup> Article 14(2) of the 2017 Order

<sup>5</sup> In accordance with Article 14 of the 2017 Order

<sup>6</sup> Article 14 of the 2017 Order

adopting appropriate risk management arrangements<sup>7</sup>; see further terms of reference in Part 3 of the Constitution.

### **Internal Audit**

- 9.9. The Combined Authority has a duty to undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account public sector internal auditing standards or guidance.<sup>8</sup>

### **External Audit**

- 9.10. The Combined Authority must appoint a Local Auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year.<sup>9</sup>
- 9.11. The Local Auditor may issue an advisory notice to the Combined Authority if they consider that the Combined Authority or an officer has undertaken or is about to undertake unlawful action that has financial implications.<sup>10</sup>

### **Audit of Accounts**

- 9.12. The Combined Authority must prepare a **statement of accounts** in respect of each financial year – see further Article 14 (Finance, Contracts and Legal matters). The Combined Authority's accounts for a financial year must be audited by a Local Auditor.<sup>11</sup>
- 9.13. A Local Auditor carrying out an audit of accounts may apply to the Court for a declaration that the item of account is unlawful.<sup>12</sup>
- 9.14. The accounts of the Chief Constable must be audited by the Local Auditor appointed by the Combined Authority to audit the accounts for the financial year.<sup>13</sup>
- 9.15. At each audit of accounts, any person interested may inspect and make copies of the Combined Authority's accounting records and related records, subject to exceptions in relation to commercial confidentiality and personal information<sup>14</sup>.

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<sup>7</sup> Home Office guidance - Financial Management Code of Practice. Audit Committees, Practical Guidance for Local Authorities and Police, CIPFA 2018.

<sup>8</sup> Regulation 6 of the Accounts and Audit Regulations 2015 and Schedule 2 of the Local Audit and Accountability Act 2014; the Combined Authority is a 'relevant authority' for these purposes.

<sup>9</sup> Section 7 of the 2014 Act

<sup>10</sup> Section 29 of the 2014 Act

<sup>11</sup> In accordance with Section 4(1) of the 2014 Act. Accounts in this context means the Combined Authority's accounting records and statement of accounts – see further Article 14 (Finance, Contracts and Legal).

<sup>12</sup> Section 28 of the 2014 Act

<sup>13</sup> Section 2 of the 2014 Act

<sup>14</sup> Section 25 and 26 of the 2014 Act

9.16. Any local government elector or their representative has an opportunity to question the Local Auditor<sup>15</sup>, may make an objection to the Local Auditor<sup>16</sup> or appeal to the Court against any decision by the Local Auditor not to consider the objection or apply to Court for a declaration that an item is of account is unlawful.<sup>17</sup>

### **Ethical Arrangements - Member Standards and Conduct**

9.17. The Combined Authority must promote and maintain high standards of conduct by Combined Authority Members and Co-optees.<sup>18</sup>

9.18. The Combined Authority must adopt a Code which sets out the conduct expected of Combined Authority Members and Co-optees.<sup>19</sup> The Combined Authority may also adopt other Codes of Practice or Protocols to promote and maintain high standards of conduct – see further Part 5.

9.19. The Code must when viewed as a whole, be consistent with the following principles: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Code must include provision in respect of registering and disclosing interests - see further the Members' Code of Conduct in Part 5.

9.20. The Combined Authority has agreed arrangements for investigating and determining any allegation of a failure to comply with the Code – see further the terms of reference of the Governance and Audit Committee in Part 3 of the Constitution and the Procedure for Considering Complaints alleging a Failure to Comply with the Members' Code of Conduct in Part 5 of the Constitution.

9.21. The Combined Authority's must appoint at least one independent person.<sup>20</sup> The views of the independent person:

- must be sought and taken into account by the Combined Authority before it makes its decision on an allegation it has decided to investigate, and
- may be sought by the Combined Authority in other circumstances, or by a Combined Authority Member or Co-optee whose behaviour is the subject of an allegation.

9.22. In relation to PCC Functions, any serious complaint or conduct matter in relation to the Mayor and to a Deputy Mayor of Policing and Crime who is a Combined Authority Member must be passed to the Director General of the

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<sup>15</sup> Section 26 of the 2014 Act

<sup>16</sup> In accordance with Section 27 of the 2014 Act

<sup>17</sup> Section 28(3) of the 2014 Act.

<sup>18</sup> Section 27 of the Localism Act 2011

<sup>19</sup> Section 27 of the 2011 Act

<sup>20</sup> In accordance with Section 28 of the 2011 Act

Independent Office for Police Conduct.<sup>21</sup> Any other complaint will be referred by the Police and Crime Panel to the Monitoring Officer to deal with in accordance with the Combined Authority's Members' Code of Conduct – see above.

- 9.23. If the complaint concerns the conduct of a Deputy Mayor for Policing and Crime who is not a Combined Authority Member when the complaint is recorded, the Police and Crime Panel shall make arrangements for the complaint to be subject to informal resolution.<sup>22</sup>

### **Ethical Arrangements – Officer Standards and Conduct**

- 9.24. An officer must comply with the applicable Officer Code of Conduct, and any applicable protocol or policy relating to ethical standards - see further Article 9 (Audit and Ethical Standards) and Part 5 of the Constitution.
- 9.25. The Monitoring Officer shall keep a record of interests disclosed to them by an officer in accordance with any Officer Code of Conduct in Part 5 of the Constitution, and make the record available for inspection by a Combined Authority Member<sup>23</sup>.

### **Ethical Arrangements – Role of the Monitoring Officer**

- 9.26. The Monitoring Officer maintains a register of interests of Combined Authority Members and voting Co-optees of the Combined Authority<sup>24</sup> and secures that the register is:
- available for inspection in the Combined Authority Area at reasonable hours, and
  - published on the Combined Authority's website.
- 9.27. The Monitoring Officer also has a role in relation to allegations submitted of a failure to comply with the Members' Code of Conduct – see above.

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<sup>21</sup> Section 31 of the Police Reform and Social Responsibility Act 2011 and in accordance with the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012/62.

<sup>22</sup> In accordance with Regulation 28 of the 2012 Regulations.

<sup>23</sup> Including a pecuniary interest in a contract under Section 117 of the Local Government Act 1972.

<sup>24</sup> Section 29 of the 2011 Act