

Gloucester City Council

Meeting:	Audit & Governance Committee	Date:	25 November 2013
Subject:	Review of Terms of Reference for Audit and Governance Committee		
Report Of:	Monitoring Officer		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Current Terms of Reference		

1.0 Purpose of Report

- 1.1 To request that a Working Group of the Committee reviews the Terms of Reference for the Committee and identifies any changes to the Terms of Reference that should be recommended to Constitutional and Electoral Working Group and Council.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE:**

- (1) That a Working Group be formed comprising of at least 3 members of the Committee to review the Terms of Reference for the Committee;
- (2) That the Working Group be instructed to consider and make recommendations on the frequency of Audit and Governance Committee meetings.

3.0 Background and Key Issues

- 3.1 The Audit & Governance Committee's current Terms of Reference were set in 2012 and include Terms of Reference from the former Standards Committee. The Terms of Reference therefore currently represent an amalgamation of the Terms of Reference for the Audit Committee (as it was previously known) and the former Standards Committee and there is potentially some duplication that could be removed and variation in terminology that could be improved upon.
- 3.2 It is recommended that a Working Group be formed to consider the Terms of reference for the Committee for three reasons:
- Firstly, the Committee's next meeting is on 17th March 2014 and this may be too late for any changes to the Committee's Terms of Reference to be included in this year's Constitutional review as Council will be asked to approve Constitutional changes for the forthcoming year at its meeting on 27 March 2014).

- Secondly, a Working Group will be more appropriate for detailed review of the Terms of Reference and is likely to be easier to convene than the main Committee, as fewer Members will be involved;
- Thirdly, updated CIPFA guidance on review of the effectiveness of the audit committee is anticipated later this month, and this is too late for consideration of this item at this Committee meeting. Previous CIPFA guidance has included suggested best practice terms of reference for audit committees.

3.3 The Committee is asked to note that the anticipated CIPFA guidance will not suggest Terms of Reference in relation to the Committee's standards responsibilities. There is no similar guidance issued in relation to ethical standards, although the reports and other publications of the Committee on Standards in Public Life can be useful in informing the role of the Committee when carrying out its standards work.

3.4 Audit and Governance Committee Members have expressed concern at the volume of business at recent meetings and it is therefore recommended that the frequency of Committee meetings also be considered by the Working Group.

4.0 Alternative Options Considered

4.1 No other options have been considered.

5.0 Reasons for Recommendations

5.1 It is good practice to regularly review the Terms of Reference for the Committee to ensure that they remain up-to-date and reflect best practice and a Working Group can include input from officers more easily than a formal Committee meeting. Feedback from Committee members has expressed concern about the volume of business before each meeting of the Committee.

6.0 Future Work and Conclusions

6.1 As has been identified in the report

7.0 Financial Implications

7.1 There are no direct financial implications arising out of this report.

(Financial Services have been consulted in the preparation this report.)

8.0 Legal Implications

8.1 Under the Local Government Act 2000, the Council is required to have a Constitution setting out its governance arrangements. CIPFA guidance also requires the Committee to regularly review its effectiveness and this includes ensuring that its Terms of Reference are appropriate for the functions an audit committee should perform.

(Legal Services have been consulted in the preparation this report.)

9.0 Risk & Opportunity Management Implications

- 9.1 If the Terms of Reference for the Committee are not reviewed, there is a risk that they will cease to reflect best practice or be appropriate for the functions the Committee needs to perform.

10.0 People Impact Assessment (PIA):

- 10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, there a full PIA was not required.

11.0 Other Corporate Implications

Community Safety

- 11.1 There are no specific Community Safety implications relating to the recommendation made in this report.

Sustainability

- 11.2 There are no specific Sustainability implications relating to the recommendation made in this report.

Staffing & Trade Union

- 11.3 There are no staffing or trade union implications arising from this report.

Background Documents: None.

Extract from the Council's Constitution**8. Audit and Governance Committee**

The Committee shall have the functions, powers and responsibilities set out below and in Article 8 of this Constitution.

Membership: 7 (Quorum 3) [Politically Proportional].

Comprising: Non-Executive Members.

Frequency

of Meetings: 4 meetings per annum together with such other meetings as the Committee Chair shall consider necessary or appropriate.

Requirement: All Members appointed to the Audit and Governance Committee shall be obliged to receive regular and appropriate training, and frequent updates.

(a) Role:

- (i) To consider the Group Manager, Audit and Assurance's annual report and a summary of the internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements, including an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
- (ii) To consider summaries of specific internal audit reports, quarterly.
- (iii) To consider an annual report on the performance of the internal audit service and review the effectiveness of the service in accordance with the Accounts and Audit Regulations.
- (iv) To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- (v) To consider the external auditor's annual letter, relevant reports, and the report of those charged with governance.
- (vi) To consider specific reports as agreed with the external auditor.
- (vii) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (viii) To liaise with the Audit Commission over the appointment of the Council's external auditor.
- (ix) To consider and review changes to the Council's constitution in respect of Contract Standing Orders, Financial Regulations, and Codes of Conduct and behaviour.
- (x) To monitor the effective development and operation of risk management and corporate governance.
- (xi) To consider summaries of specific risk management reports, quarterly.
- (xii) To monitor the operation of the Council's codes and protocols (see Part 5 of this Constitution) and the Council's complaints process and to advise the Council on the adoption or revision of such codes.
- (xiii) To consider the Council's arrangements for corporate governance and recommend the necessary action to ensure compliance with best practice.
- (xiv) To consider the Council's compliance with its own published standards and controls.
- (xv) To approve the statement of accounts and the annual governance statement.
- (xvi) 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 Council.
- (xvii) To consider the external auditor's report on issues arising from the audit of the accounts.
- (xviii) To commission work from internal and external audit.

- (xix) To review any issues referred to it by the Chief Executive or a Corporate Director or any Council body.
 - (xx) To approve the Council's anti-fraud and corruption policies and any other governance policies deemed necessary.
 - (xxi) To receive allegations and any accompanying report from the Monitoring Officer and to refer the allegation to the Monitoring Officer for formal investigation or informal resolution.
 - (xxii) To set up, where necessary, a Hearings Panel to consider any alleged breach of the Members' Code of Conduct.
 - (xxiii) To promote and maintain high standards of conduct by Councillors and co-opted Members.
 - (xxiv) To assist Councillors and co-opted Members to observe the Members' Code of Conduct.
 - (xxv) To advise the Council on the adoption, revision of, or publicity on the Members' Code of Conduct.
 - (xxvi) To advise, train or arrange to train Councillors and co-opted Members on matters relating to the Members' Code of Conduct.
 - (xxvii) To grant dispensations to Councillors and co-opted Members from the requirements relating to interests set out in the Members' Code of Conduct or other Council codes and protocols where:
 - (a) without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter;
 - (b) the Committee considers that the dispensation is in the interests of persons living in the Council's area; or
 - (c) the Committee considers that it is otherwise appropriate to grant a dispensation.
 - (xxviii) To consider appeals against decisions made by the Monitoring Officer in exercise of their dispensation powers;
 - (xxix) The exercise of (xxii) to (xxiv) above in relation to Quedgeley Parish Council and the Members of the Parish Council;
 - (xxx) To set up, where necessary, a Sub-Committee to shortlist and interview candidates for the role of Independent Person and to make recommendations to Council regarding the appointment of Independent Persons.
 - (xxxi) To provide such advice and assistance as appropriate regarding the appointment of the Independent Person as required under Part 7 of the Localism Act 2011.
 - (xxxii) To set the allowances and expenses payable to the Independent Person and Reserve Independent Persons.
- (b) The power and responsibilities of the Committee shall be as follows:
- (i) The ability to require the Leader and Cabinet Members to attend and be questioned on audit, risk management and corporate governance matters relating to their roles and responsibilities.
 - (ii) The ability to require the Chief Executive, and Corporate Directors to attend and be questioned on audit, risk management and corporate governance matters relating to their roles and responsibilities.
 - (iii) The power to call expert witnesses from outside the Council to give advice on matters under review or discussion.
 - (iv) To discharge powers under section 101 of the Local Government Act 1972 acting as a Sub-Committee of the Council for Statement of Auditing Standards (610) purposes.
 - (v) To approve the Statement of Accounts and the Annual Governance Statement.
 - (vi) To approve the Internal Audit Periodic Plan, receive reports on progress and as a consequence approve any material changes to the plan.
- (c) All other matters will be recommended, as appropriate, to the Council, Leader, Cabinet or other Council body for decision.
- (d) Delegation to Officers

Those functions relating to statutory financial, audit and legal functions which have been delegated to officers are set out in the Council's Scheme of Delegation in Part 3 to this Constitution.