

## **Audit and Governance Committee**

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**Date of Meeting:** 11 March 2021

**Report Title:** Audit and Governance Committee Composition and Structure

**Senior Officer:** David Brown, Director of Governance and Compliance

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### **1. Report Summary**

- 1.1. To update the Audit and Governance Committee following the meetings of the Working Group on its proposals for the Committee's future composition and structure.

### **2. Recommendations**

- 2.1. That the Committee consider the recommendations of the Working Group outlined in this report, and in suggested Terms of Reference set out in Appendix 1 and approve these as recommendations from the Audit and Governance Committee to the Constitution Committee, for inclusion in the Constitution.

### **3. Background**

- 3.1. The Audit and Governance Committee received a report to their November 2020 meeting setting out various aspects for consideration in relation to the composition and structure of the Committee, specifically the inclusion of co-opted independent members, the size of the Committee, and maintaining separation from decision making in the context of a Committee system model.
- 3.2. The following members were appointed to the Working Group,
  - Cllr Rod Fletcher
  - Cllr Rachel Bailey
  - Cllr Margaret Simon
  - Cllr Byron Evans
  - Cllr Carol Bulman
  - Cllr Marilyn Houston

- 3.3. The Working Group's terms of reference were to;
- 3.3.1. Review the structure and size of the Audit and Governance Committee in line with the recommendations of the Corporate Peer Review and the CIPFA guidance and make recommendations as needed.
  - 3.3.2. Review the number of co-opted independent members and make recommendations for changes as needed
  - 3.3.3. Identify any other associated recommendations arising as a result of the move to the Committee structure.
- 3.4. The recommendations to the Committee from the Working Group are set out below. Appendix A outlines a suggested term of reference for the Committee which has been updated after consideration by the Working Group.

#### Size of the Committee

- 3.5. Following consideration of the scope of the terms of reference as set out in Appendix A, the Working Group suggested that a committee size of 9 elected members, which would be subject to proportionality. This would currently give the following; 4:3:21:0:0.

#### Co-opted Members

- 3.6. The Working Group recommendation is to include 2 co-opted independent members as part of the Committee's membership, on a fixed term membership of 4 years. The independent person is entitled to be reimbursed for expenses but does not receive any allowance or remuneration.

#### Other recommendations

- 3.7. To maintain the apolitical nature of the Audit and Governance Committee, membership should ensure separation from decision making. To achieve this, the following are recommended by the Working Group
- 3.7.1. Membership of the Audit and Governance Committee may not include the Leader or Deputy Leader of the Council.
  - 3.7.2. Membership of the Audit and Governance Committee may not include Chairs or Vice Chairs from the Service Committees, including the Corporate Policy Committee and Finance Sub Committee.
  - 3.7.3. The Chair and Vice Chair of the Audit and Governance Committee may not sit on a service committee. If practicable they should not be from the controlling groups.

- 3.7.4. Responsibility for the Member Code of Conduct/Standards arrangements remain within the function of the Audit and Governance Committee.
- 3.7.5. The standing Chair of the Hearing Sub Committee is the Chair of the Audit and Governance Committee; when convened for any individual item, the Chair should be of a different group to any subject member.
- 3.8. The Working Group recommended that the Terms of Reference for the Audit and Governance Committee are reviewed promptly within the first year of operation within the Committee System, with any recommendations for change being brought forward to Council in due course.

#### **4. Implications of the Recommendations**

##### **4.1. Legal Implications**

- 4.1.1. The Localism Act 2011 amended the Local Government Act 2000 to allow councils to revert to a non-executive form of governance i.e. a committee system.
- 4.1.2. In relation to recommendations arising as a result of the proposed move to the Committee structure, the Working Group has shown regard to the allocation of seats on Committees to give effect to the political balance rules. The rules for the allocation of seats are set out in Sections 15 and 16 of the Local Government and Housing Act 1989 and Local Government (Committees and Political Groups) Regulations 1990.
- 4.1.3. The Accounts and Audit (England) Regulations 2015 say that a local authority is responsible “for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk”; and section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs”. Therefore, whilst primary responsibility for these arrangements lies with the Council’s s.151 officer, the role of the Committee in providing oversight, challenge and assurance is critical in supporting this.
- 4.1.4. The Working Group should be guided and assisted by the CIPFA guidance ‘Audit Committees: Practical Guidance for Local Authorities and Police’ 2018.

## **4.2. Finance Implications**

4.2.1. Current arrangements in place are consistent with those for other non-elected, co-opted committee members. There are no financial implications outside of the MTFS for the creation of a working group. Officer advice to the working group can be provided within existing resources.

4.2.2. The financial implications of any recommendations arising from the Working Group requiring amendment to the MTFS would need to be identified as part of the working group's report to the Audit and Governance Committee.

## **4.3. Policy Implications**

4.3.1. The proposal to create a Working Group will ensure that the Committee considers best practice and changes to the governance system operation and identifies recommendations to ensure the Committee composition and structure is appropriate for local requirements.

## **4.4. Human Resources Implications**

4.4.1. There are no direct Human Resources Implications.

## **4.5. Risk Management Implications**

4.5.1. Failure to consider these aspects may undermine future effectiveness of the Committee's ability to achieve its objectives.

## **4.6. Rural Communities Implications**

4.6.1. There are no direct implications for rural communities.

## **4.7. Implications for Children & Young People/Cared for Children**

4.7.1. There are no direct implications for children and young people.

## **4.8. Public Health Implications**

4.8.1. There are no direct implications for public health.

## **4.9. Climate Change Implications**

4.9.1. There are no direct implications for Climate Change

## **5. Ward Members Affected**

5.1. Implications are Borough-wide.

## 6. Contact Information

6.1. Any questions relating to this report should be directed to the following officers:

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