

Report to the Standards Committee

Report Reference: STD-002-2015-16

Date of meeting: 25 January 2016



**Epping Forest
District Council**

**Subject: Audit & Standards Committee – Proposed
Terms of Reference**

Responsible Officer: Colleen O'Boyle (01992 564475)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) To approve in principle the proposed merger of the Audit & Governance Committee and the Standards Committee;**
- (2) To consider and approve the proposed Terms of Reference for the new Audit & Standards Committee; and**
- (3) To request the Constitution Working Group to consider the necessary constitutional amendments and report to the Council accordingly.**

Report:

Merging Audit and Standards Committee

1. The main role of the Standards Committee is to promote and maintain high standards of conduct by members. Matters around member conduct at committee level are relatively light and three of the six scheduled meetings have been cancelled in the last 18 months (9 October 2014, 8 January 2015 & 7 April 2015).
2. The Council's Audit and Governance Committee is responsible for providing independent assurance of the adequacy of the Council's risk management framework and provides independent scrutiny of the authority's financial and non-financial performance. The Committee approves the financial statements and Annual Governance Statement and enhances public trust and confidence in the governance of the authority.
3. A number of other councils have combined audit and standards committees successfully, including Broxbourne and Harlow Councils, the main drivers for this being:
 - Low complaint activity especially as the Monitoring Officer has delegated authority to seek to resolve a complaint informally where a formal investigation is not merited; and
 - Similarities and synergies – both Committees deal with governance, probity and transparency of processes.
4. There is by law an independent person appointed by the Council who advises on standards issues but is not permitted to be a member of the committee. This requirement has been incorporated into the proposed Terms of Reference which states '*the Council is required to appoint at least one Independent person to advise on Standards relating to complaints who shall be invited to meetings in a non-voting capacity*'.
5. There is no requirement to have independent members although the Council can

appoint independent members to committees and the current Audit and Governance Committee has two independent members, and this arrangement should continue as it is line with good practice. It should be noted that Harlow District Council does not have any independent members on their Audit and Standards Committee but Broxbourne Council has an independent Chair.

6. It is important the new committee considers Standards issues at each meeting so it is proposed to have standards as a standing item on its agenda

Proposed Terms of Reference

7. The newly merged Audit and Standards Committee would have the objective of making a positive contribution to the Council's governance and control environment. The proposed terms of reference articulate the Committee's wide remit including advising and reviewing the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance. The Committee also has an important role in ensuring public money is spent wisely and providing assurance to the public that the council is complying with the law, has an effective control framework in place and provides quality services in line with corporate priorities.

8. The proposed Terms of Reference for the Audit and Standards Committee (Appendix 1) draws on the experience of merging the Audit and Standards Committee at Broxbourne and Harlow Councils and is based on model Terms of Reference for local authorities as detailed in the Chartered Institute of Public Finance and Accountancy publication: Audit Committees - Practical Guidance for Local Authorities and Police 2013 Edition.

The View of the Audit & Governance Committee

9. The Audit & Governance Committee considered these proposals at its meeting held on 30 November 2015. The Committee welcomed the proposals and were in general agreement that the two Committees should merge as it would be more efficient and lead to a (albeit small) reduction in the number of Member meetings each year. It was also felt that oversight of the Council's Treasury Management function should remain with the new Committee, rather than transferring to the Resource Select Committee.

10. The Committee resolved to approve the merger of the two Committees in principle, along with the proposed Terms of Reference, and requested that the views of the Standards Committee be sought on the matter.

Conclusion

11. The Standards Committee is requested to consider the proposals and indicate if they are in agreement with the proposed merger of the two Committees. If the Committee is in favour then the proposed Terms of Reference for the new Committee is attached at Appendix 1 for the Committee to consider, propose amendments if necessary, and approve.

12. Final approval for the merger of the Audit and Standards Committee will need to be sought from the Council following formal consultation with both Committees. The Constitution Working Group would be asked to review the proposed new merged Articles and report to the Council accordingly.