

# **Report to Constitution Working Group**

**Date of meeting: 22 March 2016**



**Epping Forest  
District Council**

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

**Responsible Officer: Simon Hill, Governance**

**Democratic Services Officer: Mark Jenkins (01992 56 4607)**

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## **Recommendations:**

**To consider the proposed terms of reference for the combined committee and report to the Council on 26 April 2016 on:**

**(a) whether adjustments could be made to the suggested terms of reference (attached) of the proposed Audit and Standards Committee to achieve greater flexibility of membership to allow standards complaints matters to be dealt with more effectively; and**

**(b) whether in light of any suggested wording adjustments any further constitutional matters require change.**

## Merging the Audit & Governance and Standards Committees

1. (Monitoring Officer) Members will recall that at the meeting of the full Council on xx February 2016, the Council was asked to consider a difference of view between the Audit and Governance Committee and the Standards Committee about a proposed merger of the two committees from May 2016.
2. The Council decided that this Working Group be asked to consider the concerns expressed by the Standards Committee and report back to the next meeting of the Council in April, alongside the rest of the new Constitution.
3. 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).
4. 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.
5. 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.

6. 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*'.

7. 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 co-opted independent members, and this arrangement should continue as it is in line with good practice.

8. 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

9. 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.

10. The proposed Terms of Reference for the Audit and Standards Committee, attached at 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

11. 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.

12. 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.

#### The View of the Standards Committee

13. The Standards Committee considered these proposals at its meeting held on 25 January 2016. The Committee accepted that the implementation of the new arrangements for dealing with allegations of Member misconduct under the Localism Act 2011 had

dramatically reduced its workload. However, after a full and frank discussion, the Committee was not minded to support the proposals and expressed a number of concerns regarding the proposed merger:

- (i) there were currently 9 Members available to consider Standards issues, which would reduce to 3 under the proposals and it was felt by the Committee that this was not enough;

The Working Group could:

- Recommend a higher number of members for the new Committee
- Ask Council to create a specific group to deal with Standards Investigation Hearings either on an ad hoc or standing basis.

- (ii) there was a perceived lack of involvement of Parish Councils under the proposals as currently there were three representatives from the Local Councils affiliated to the District Council's Standards Committee formally invited to each meeting; and

The Working Group could:

- Ask that all agendas are notified to Parish and Town clerks that are aligned to the Districts Standards Committee
- Ask that existing parish representatives be invited to attend meetings of the new committee as they consider necessary
- Change the Terms of reference to include that any hearing into a Parish/Town Councillor includes an appropriate representative.

- (iii) there was a perceived risk that a smaller Committee would be less objective when considering Standards issues.

The Working Group could:

- Seek a review of any new arrangements after two years or after the first Standards Investigation Hearing (whichever is sooner)

14. Members of the Committee acknowledged there was a certain synergy between the two Committees, but highlighted that the two Committees actually considered two separate types of issues. It was also pointed out that a number of other Committees also have meetings cancelled due to a lack of business, or only met on an ad hoc basis, but that was not a sufficient reason to consider disbanding the Committee and amalgamating it with another.

15. As the two Committees failed to reach agreement on the proposed merger, it will be for the Council to finally decide whether this should proceed for 2016/17. The Working group are being asked to consider:

- (a) whether adjustments could be made to the suggested terms of reference (attached) of the proposed Audit and Standards Committee to achieve greater flexibility of membership to allow standards complaints matters to be dealt with more effectively; and

- (b) whether in light of any suggested wording adjustments any further constitutional matters require change.

16. Under the terms of the Council reference the Constitution Working Group is required to report to the Council on 26 April 2016.