

## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>From: Head of Corporate Organisation</b>	<b>Report Number: JAC1</b>
<b>To: Joint Audit and Standards Committee</b>	<b>Date of meeting: 1 July 2013</b>

### TERMS OF REFERENCE FOR THE COMMITTEE

#### 1. Purpose of Report

- 1.1 To identify whether the Terms of Reference for the newly established Joint Committee require any adjustment to reflect the functions that it is envisaged it will undertake.
- 1.2 To consider the suggested revised Terms of Reference at Appendix B.

#### 2. Recommendations

- 2.1 That the revised Terms of Reference at Appendix B be recommended for adoption with any such amendments as the Committee considers appropriate.

*The Joint Committee is able to approve minor corrections. The Chief Executive has been delegated authority to make other alterations in consultation with the political group leaders as recommended by the Joint Constitutional Review Group.*

#### 3. Financial Implications

- 3.1 None directly arising from this report.

#### 4. Risk Management

- 4.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Appropriate committee authority not in place and/or uncertainty as to which committee has authority	Low	Critical	Review terms at the outset and at regular intervals

#### 5. Consultations

None at this stage, but consultation may be necessary with the Joint Scrutiny Committee Chairmen dependant upon the issues identified.

#### 6. Equality Analysis

- 6.1 Not relevant to this report

## **7. Shared Service / Partnership Implications**

7.1 This is a Joint Committee and so the terms of reference are equally applicable to both Councils.

## **8. Key Information**

8.1 The Joint Audit and Standards Committee came into operation following appointments to the Committee at each Council's Annual Council meeting in April 2013. Terms of Reference were approved at the same time as shown at Appendix A.

8.2 It has been identified that these Terms of Reference contain some inaccuracies which require correction and there are also some omissions. For instance, the grant of exemptions for politically restricted posts is a function that now rests with the Chief Executive following changes introduced by the Localism Act 2011 and different provision is required in respect of the audit function. These issues have been corrected in the draft revised Terms shown at Appendix B. The Terms have also been made more generic where possible to capture the full array of functions envisaged for the Committee.

8.3 The Committee is invited to consider each set of Terms and to decide whether there is a need to make recommendations for revised Terms to the Joint Constitutional Review Group. If so, whether the suggested approach in Appendix B is appropriate.

8.4 In considering the Terms, Members are reminded of the background and objectives in establishing the Joint Committee as reported to Full Council in April 2013, namely:-

(1) The design principles include:-

- "Stream-lined and effective committee style decision-making which focuses on the purpose of the Authority, community engagement and on outcomes for the community and creating and implementing a vision for the local area"
- "Focused committee working centred on decision-making"

(2) The Joint Committee will address financial governance issues wherever possible with the individual Audit Committees having remit for Council-specific matters.

(3) "The Joint Committee will provide a strengthened governance assurance mechanism to members as a focused control mechanism in this time of change and increased risk of governance failure. The Standards Committee function is already provided through a joint committee and it is recognised that there are strong synergies between a widened Audit function which focuses on the ethical culture in the organisation and the Standards function which essentially seeks to develop high ethical standards for Members, thus ensuring a comprehensive and unified approach for both Members and officers."

## 9. Appendices

Appendix A – Terms of Reference adopted by Full Council 23 and 25 April 2013

Appendix B – Suggested revised Terms of Reference

## 10. Background Papers

- [Report M178R](#) to Babergh Full Council 23 April 2013
- [Report C/26/13 \(Appendix\)](#) to Mid Suffolk Full Council 25 April 2013

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**Terms of Reference Adopted by Full Council April 2013**

**BABERGH AND MID SUFFOLK JOINT AUDIT AND STANDARDS COMMITTEE**

**General Role**

- 1.1 Babergh and Mid Suffolk District Councils have agreed to integrate the staff and services across the two Councils.
- 1.2 The Babergh – Mid Suffolk integration programme seeks to deliver benefits and savings arising from economies of scale, ~~sharing of assets and resources in teams~~, sharing of senior managers, pooling of scarce skills and expertise, increased capacity and resilience to deliver services to the community, and reductions in the cost of democracy.
- 1.3 As a consequence of these actions there will be a significant amount of similarity in how the two Councils operate at a strategic level. In order to ensure a consistent approach, avoid duplication of resources and improve joint working between both Councils the two Councils have agreed to establish a joint committee known as the Babergh and Mid Suffolk Joint Audit and Standards Committee. This Committee will only seek to address matters which are being progressed across both Councils. Issues that are pertinent only to a single Council area will remain the preserve of that Mid Suffolk Audit Committee.

Neither the Chairman of the Councils nor the Leader of the Council/Chairman of Strategy Committee shall be entitled to be appointed as a Member of the Joint Audit and Standards Committee

**Role and Function**

The Joint Audit and Standards Committee will have the following roles and functions:

- (i) Approve (but not direct) internal audit's strategy, plan and performance
- (ii) Review summary internal audit reports and the main issues arising and seek assurance that the action has been taken where necessary.
- (iii) Consider the reports of External Audit and inspection agencies excluding reports in the Statement of Account.
- (iv) Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.
- (v) Be satisfied that the authority's Statement of Internal Control properly reflects the risk environment and any actions taken to improve it.
- (vi) Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
- (vii) To design, monitor and review the ethical framework of the Councils. The Committee's powers shall include responding to consultation documents and the development of codes of conduct and guidance on standards related matters. The adoption and revisions to a code of conduct for councillors shall be reserved to the Full Council.

- (viii) To promote a culture of openness, accountability and probity in order to ensure the highest standards of conduct.
- (ix) To promote the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct.
- (x) To oversee and manage programmes of guidance, advice and training on ethics, standards and probity for Councillors.
- (xi) To be responsible for the Council's public register of Councillors' interests and to receive reports from the Monitoring Officer on the operation of the register from time to time.
- (xii) To be responsible for written guidance and advice on the operation of the system of registration of Councillors' interests and to receive reports from the Monitoring Officer on the operation of the system from time to time.
- (xiii) To establish, monitor and issue advice and guidance to Councillors on a system of dispensations to speak on, or participate in, matters in which they have interests and to grant dispensation in appropriate cases on matters relating to the Councils' Code of Conduct.
- (xiv) To exercise the functions of the Council in relation to the ethical framework and standards of conduct of Parish Councils, Joint Committees and other bodies.
- (xv) To receive reports from the Monitoring Officer and any independent person appointed by the Council pursuant to the Localism Act 2011.
- (xvi) To consider and grant exemptions for politically restricted posts.
- (xvii) To determine appropriate action on matters referred to the Joint Standards Committee by the Monitoring Officer, Council or its Committees. To receive, consider and make decisions on reports received from the Strategy/ Executive or Scrutiny Committees
- (xviii) To support the Monitoring Officer in his or her statutory role and the issuing of guidance on his or her role from time to time.
- (xix) To support the section 151 officer responsible for the administration of the Council's financial affairs in his or her statutory role in connection with financial probity and the issuing of national guidance on his or her role from time to time.
- (xx) To establish and maintain a process to consider complaints against Councillors, including the issuing of sanctions, as appropriate (subject to statute, regulations and Government guidance).
- (xxi) To consider and determine any issues in connection with the Public Interest Disclosure Act 1998 or any other legislation which appears to the Committee to be relevant.
- (xxii) To provide advice and guidance to Councillors and make arrangements for training in connection with any matters within the terms of reference of the Committee.

**Suggested Revisions to Terms of Reference****BABERGH AND MID SUFFOLK JOINT AUDIT AND STANDARDS COMMITTEE****General**

- 1.1 Babergh and Mid Suffolk District Councils have agreed to integrate the staff and services across the two Councils.
- 1.2 The Babergh – Mid Suffolk integration programme seeks to deliver benefits and savings arising from economies of scale, sharing of senior managers, pooling of scarce skills and expertise, increased capacity and resilience to deliver services to the community, and reductions in the cost of democracy.
- 1.3 As a consequence of these actions there will be a significant amount of similarity in how the two Councils operate at a strategic level. In order to ensure a consistent approach, avoid duplication of resources and improve joint working between both Councils the two Councils have agreed to establish a joint committee known as the Babergh and Mid Suffolk Joint Audit and Standards Committee. This Committee will only seek to address matters which are being progressed across both Councils. Issues that are pertinent only to a single Council area will remain the preserve of the Mid Suffolk or Babergh Audit Committee.

Neither the Chairman of the Councils nor the Leaders shall be entitled to be appointed as a Member of the Joint Audit and Standards Committee

**Role and Function**

The Joint Audit and Standards Committee will have the following roles and functions:

- (i) Undertake the Council's responsibilities in relation to financial governance issues
- (ii) Receive Internal Audit's charter, annual plan and progress against the plan that includes an annual report from the head of internal audit.
- (iii) Each Audit Committee to review their financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- (iv) Consider the effectiveness of the joint risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements. Issues that are pertinent only to a single Council area will remain the preserve of that Mid Suffolk or Babergh Audit Committee.
- (v) Be satisfied that the joint Annual Governance Statement properly reflects the risk environment and any actions taken to improve it.
- (vi) Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
- (vii) Review and consider the annual Treasury Management Strategies of both councils, receive reports on performance during the year and ensure appropriate Member training and guidance is provided.

- (viii) Design, monitor and review the ethical framework of the Councils to promote a culture of openness, accountability and probity in order to ensure the highest standards of conduct.
- (ix) Exercise the functions of the Councils in relation to the ethical framework and standards of conduct of the Councils, Parish/Town Councils, Joint Committees and other bodies, as relevant.
- (x) Advise the Councils on the adoption or revision of a Code of Conduct for Members. Overview codes of good practice, protocols and policies with regard to probity and ethics.
- (xi) Oversee and manage programmes of training and development on ethics, standards and probity for Councillors. Issue advice and guidance on standards related matters.
- (xii) Receive reports on complaints made under the Code of Conduct for Members
- (xiii) Support the Monitoring Officer in his or her statutory role and the issuing of guidance on his or her role from time to time.
- (xiv) Support the section 151 officer responsible for the administration of the Council's financial affairs in his or her statutory role in connection with financial probity and the issuing of national guidance on his or her role from time to time.