

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

22 November 2018

<p><u>Review of Terms of Reference</u></p>

Report of the Joint Head of Corporate Governance and Monitoring Officer

This report is public

Purpose of the Report

- To enable the Committee to consider its Terms of Reference as part of the Constitution Review for 2018/19.

1 Report Details

- 1.1 When considering the Constitution Review for 2018/19, Standards Committee identified that it would be timely for the Terms of Reference for Audit and Corporate Governance Scrutiny Committee to be reviewed this year, as they have not been looked at for a number of years. The purpose of the review is to ensure the Terms of Reference are up-to-date and fit for purpose.
- 1.2 The Committee's current Terms of Reference are attached to this report (with an extract of the Articles and the Functions Scheme) in order to provide Members with an opportunity for comment as part of the review.
- 1.3 Designated as a Scrutiny Committee, this Committee has been given the powers of that apply to all Scrutiny Committees as set out in the Constitution, including calling Cabinet Members and Officers to account for their decisions and performance and making recommendations to Cabinet and/or Council arising from its work.
- 1.4 In addition to the powers of a Scrutiny Committee, this Committee has been granted limited decision making powers specific to the Audit function. The Committee is empowered to approve the Council's audited Annual Statement of Accounts. It can also commission work from Internal Audit and External Audit as necessary.
- 1.5 No proposals for amendment have been made at this stage to the powers of the Committee or its composition. There may be alterations to the format as to how this is displayed, such as moving the details of the Committee's composition out of the Articles and in to the Functions Scheme so the information is contained in the same location.

2 Conclusions and Reasons for Recommendation

- 2.1 To enable the Committee to consider its Terms of Reference as part of the Constitution Review for 2018/19.

3 Consultation and Equality Impact

- 3.1 Members of the Audit and Corporate Governance Scrutiny Committee are asked to comment on this review in this report. There are no equality impact matters arising directly from the content of this report.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

5 Implications

5.1 Finance and Risk Implications

There are no financial issues arising from the report.

5.2 Legal Implications including Data Protection

There are no legal issues or Data Protection matters arising directly from this report.

5.3 Human Resources Implications

There are no Human Resource issues arising from the report.

6 Recommendations

- 6.1 That the Committee considers its Terms of Reference as part of the Constitution Review for 2018/2019 and propose any amendments that it may consider appropriate.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the portfolio holder been informed?	N/A
District Wards Affected	None Directly

Links to Corporate Plan priorities or Policy Framework	Demonstrating Good Governance
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8 Document Information

Appendix No	Title
1	Audit and Corporate Governance Scrutiny Committee Work Terms of Reference.
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
N/A	
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Extracts from the Council Constitution

Article 6 – Scrutiny

This article sets out that there will be four themed scrutiny committees to co-ordinate their work. It gives links to the functions each committee carries out and what rules they operate under.

Scrutiny committees are similar to select committees in Parliament. They can look at areas of policy or performance and make recommendations to the *Cabinet* or the *Council Meeting*. They can also look at proposed decisions and examine a decision of the *Cabinet* which has been taken but called in for review before it is carried out.

The public can also get involved with the scrutiny process and help shape and inform decision making and policy.

The *Audit and Corporate Governance Scrutiny Committee* has a special role in these arrangements because it also works alongside the *Standards Committee* to oversee the Council's governance.

6.1 Scrutiny Committees

Composition

The *Council Meeting* will set up the following *Scrutiny Committees*:-

- (a) Growth Scrutiny Committee
- (b) Communities Scrutiny Committee
- (c) Organisation Scrutiny Committee
- (d) Audit and Corporate Governance Scrutiny Committee

With nine Councillors on each Committee.

6.2 Audit and Corporate Governance Scrutiny Committee

Article 7 refers to co-operation between the *Audit and Corporate Governance Scrutiny Committee* and the *Standards Committee* and reporting arrangements.

6.3 Functions

The *Scrutiny Committees* will have the functions set out in the *Functions Scheme*.

6.4 Rules

The *Scrutiny Committees* will follow the *Scrutiny Rules*.

Article 7 – The Standards Committee and the Audit and Corporate Governance Scrutiny Committee

This article sets out that there will be a *Standards Committee* and an *Audit and Corporate Governance Scrutiny Committee*.

The *Standards Committee* is a committee of *Councillors* and parish representatives. The Committee assists *Councillors* in achieving high standards of ethical conduct and following a *Code of Conduct*. It also deals with complaints about *Councillors* who may have broken the *Code of Conduct*.

The *Audit and Corporate Governance Scrutiny Committee* is responsible for overseeing the work of the Council's internal and external auditors, making sure the Council is well run and has good arrangements for managing money and risks.

7.1 Standards Committee

(a) Composition

There will be a *Standards Committee* of 11 members comprising:-

- (i) Nine *Councillors*
- (ii) Two non-voting *Parish Members* elected by the District's parish and town councils

(b) Independent Persons

The Council will appoint two Independent Persons who will be consulted by the authority before it makes a finding as to whether a member or co-opted member has failed to comply with the Code of Conduct or decides on action to be taken in respect of that member.

They may also be consulted by the Authority in respect of a standards complaint at any other stage and by a member or co-opted member of the District Council or of a parish or town council against whom a complaint has been made.

(c) Role

The *Standards Committee* will have the roles and functions set out in the *Functions Scheme*.

7.2 Audit and Corporate Governance Scrutiny Committee

(a) Composition

There will be an *Audit and Corporate Governance Scrutiny Committee* of nine members.

(b) Role

The *Audit and Corporate Governance Scrutiny Committee* will have the roles and functions set out in the *Functions Scheme*.

7.3 Joint working of committees

The *Standards Committee* and the *Audit and Corporate Governance Scrutiny Committee* will co-operate on governance matters and will have the right to report directly to the *Council Meeting* on those matters.

Part 3 – Functions Scheme

[.....]

5. Bodies exercising Council functions

[.....]

5.3 Scrutiny Committees

- (a) Within their themed areas, all *Scrutiny Committees* will:-
- (i) review decisions made by and the performance of the *Council Meeting*, the *Cabinet*, committees and *Officers* both in relation to individual decisions and over time (but not including *Regulatory Decisions*)
 - (ii) review the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas
 - (iii) question members of the *Cabinet* and *Officers* about their decisions and performance, whether generally in comparison with service plans and targets over a period of time, or in relation to particular decisions (but not including *Regulatory Decisions*)
 - (iv) make recommendations to the *Council Meeting* and/or *Cabinet* arising from work undertaken by a *Scrutiny Committee*
 - (v) review the performance of other public bodies in the area and invite reports from them by asking them to address the *Scrutiny Committee* about their activities and performance
 - (vi) question and gather evidence from any person with their consent
 - (vii) collaborate with other *Scrutiny Committees* and other bodies carrying out similar functions outside the Council
 - (viii) report to the Council meeting annually on the scrutiny function and their work
 - (ix) exercise functions relating to call in and Councillor Call for Action.

(b) Growth Scrutiny Committee

The committee will have responsibility for scrutiny functions relating to:-

- Local Enterprise Partnership and Combined Authorities
- Business/Economy
- Economic Development
- Regeneration
- Asset Management
- Planning

- Tourism
- Partnerships
- Strategic Housing – Housing Strategy

(c) Communities Scrutiny Committee

The committee will have responsibility for scrutiny functions relating to:-

- Statutory Crime and Disorder responsibility
- Community Safety
- Leisure
- Health and Well being
- Street Scene
- Environment Health (including Licensing)
- Inclusion
- Equality
- Housing Management
- Emergency planning
- Estates and property

(d) Organisation Scrutiny Committee

The committee will have responsibility for scrutiny functions relating to:-

- Services:
 - Audit
 - Communication and Consultation
 - Customer Services
 - Finance
 - Governance
 - Human Resources
 - ICT
 - Legal
 - Procurement
 - Revenue and Benefits
 - Scrutiny
 - Strategy and Performance
- Shared Services
- Commissioning /De Commissioning Services
- Self Regulation
- Transformation Programme
- Employees

(e) Audit and Corporate Governance Scrutiny Committee

The committee will:-

- consider the Internal Audit annual report and opinion, and a summary of Internal Audit activity (actual and proposed) and the level of

- assurance it can give over the Council's corporate governance arrangements
- (ii) consider summaries of specific Internal Audit reports as requested
 - (iii) consider reports dealing with the management and performance of the providers of Internal Audit Services
 - (iv) consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale
 - (v) consider the External Auditor's Management Letter, relevant reports, and the report to those charged with governance
 - (vi) consider specific reports as agreed with the External Auditor
 - (vii) comment on the scope and depth of external audit work to ensure it gives value for money
 - (viii) liaise with the Audit Commission over the appointment of the Council's external auditor
 - (ix) commission work from Internal and External Audit as necessary
 - (x) maintain an overview of the *Contract Rules*, and *Finance Rules*
 - (xi) review any issue referred to it by the *Chief Executive*, a *Director*, the *Monitoring Officer*, the *Chief Finance Officer* or the *Council Meeting*, a committee or the *Cabinet*
 - (xii) monitor the effective development and operation of risk management and corporate governance in the Council
 - (xiii) monitor the Council's anti fraud and corruption strategy
 - (xiv) oversee the production of the Council's Statement on Internal Control and recommend its adoption
 - (xv) oversee the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice
 - (xvi) oversee the Council's compliance with its own and other published standards and control
 - (xvii) approve the Council's audited Annual Statement of Accounts
 - (xviii) 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 Meeting*

- (xix) consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts

5.4 **Issues falling within the functions of two or more Scrutiny Committees**

Any Committee may consider matters that are important to the Health and Well Being of residents within North East Derbyshire.

Where a particular issue could fall within the functions of two or more Scrutiny Committees the Chairs of the relevant Scrutiny Committees, following consultation with the Overview and Scrutiny Manager, will agree which Scrutiny Committee will consider the matter.