

Name of meeting: Council
Date: 12th October 2022
Title of report: Terms of Reference - Corporate Governance & Audit Committee to enable the appointment of an Independent Member (ex officio- co-optee) to the Committee

Purpose of report.

To formally consider appointment of an independent member for the committee, a role description and the process to appointment

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	not applicable
The Decision - Is it eligible for call in by Scrutiny?	not applicable
Date signed off by Strategic Director & name	Not applicable
Is it also signed off by the Service Director - Finance	Not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	04/10/2022
Cabinet member portfolio	Not applicable

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Have you considered GDPR? Yes

1. Summary

1.1 At its meeting on the 30th September 2022 the Corporate Governance and Audit Committee gave consideration to a report about having an independent (Ex officio, co-optee) member. The Committee determined to seek approval of Council to change its terms of reference to enable it to appoint this independent person to its committee.

2. Information required to take a decision

2.1 In summer 2022, the government indicated an intention to create a statutory obligation for local authorities to have an Audit Committee, including an independent member, although initially this would be on a voluntary basis. In discussion on this, over 3

meetings during the summer/autumn of 2022, the Committee considered that there would be merit to adopting the recommendation from government/CIPFA to have an independent Member on the Corporate Governance & Audit Committee. They consider that the person appointed should be able to balance and compliment their skills by having specific skills with regard to financial skills in a complex organisation, although they would expect the independent member to participate in all aspects of work in the committee including both finance and more general governance matters.

- 2.2 The Terms of reference for the Corporate Governance & Audit Committee already provide for an independent member to advise on matters of treasury management should that be needed.

Seven members, plus the following four ex-officio members with rights to speak but not vote:

- *Member of the Cabinet with responsibility for Corporate Governance*
- *The Chair of the Overview & Scrutiny Management Committee,*
- *The Chair of the Standards Committee*
- *Person having specialist knowledge of treasury management (to be appointed and attend as required).*

- 2.3 The Committee seeks amendment so that the wording of this part, which would be amended to

Seven members, plus the following [five] ex-officio members with rights to speak but not vote:

- *Member of the Cabinet with responsibility for Corporate Governance*
- *The Chair of the Overview & Scrutiny Management Committee,*
- *The Chair of the Standards Committee*
- *Persons having specialist knowledge of*
 - (a) *Financial management in a complex organisation- full participation*
 - (b) *Treasury management (to be appointed and attend as required).*

- 2.4 There will be opportunity to have 2 potential advisors.

- 2.5 The current intention is only to appoint the advisor who has knowledge and skills of financial management in a complex organisation and to offer a nominal fee (to reflect the professional input expected).

- 2.6 The intention will be to look to recruit this independent member- as 2.5 above- over the next few months, ideally so that they can be in place by March 2023, to enable them to see later parts of the 2022/23 reporting processes which will take place during March and April 2023. The proposed process for doing this and the role profile was set out in the report to Corporate Governance and Audit Committee in September 2022 and is attached Appendix 2 and 3.

3. **Implications for the Council**

- 3.1 **Working with People** – None directly- but see 3.7

- 3.2 **Working with Partners** – None directly- but see 3.7

- 3.3 **Place Based Working** – None directly- but see 3.7

- 3.4 **Improving outcomes for children**– None directly- but see 3.7
- 3.5 **Climate change and air quality**- None directly- but see 3.7
- 3.6 **Impact on the finances of local residents**- None directly
- 3.7 **Other (e.g., Legal/Financial or Human Resources)**- A strong and effective Audit Committee should ensure effective corporate governance of the council. Many of these aspects will be about financial achievements and control, but there are many other aspects (as 3.1 to 3.5 above) where an effective contribution by an independent member should enhance the assurance and oversight, and thus the achievement of successful performance against all aspects of service provision.

4. Consultees and their opinions

- 4.1 The Corporate Governance & Audit Committee seek this amendment

5. Next steps and timelines

- 5.1 If approved, then the Corporate Governance & Audit Committee have approved arrangements to progress to an appointment.

6. Officer recommendations and reasons

- 6.1 Council are asked to:
 - 1) Amend the terms of reference to Corporate Governance & Audit Committee as described in 2.3, by minor insertion after “specialist knowledge of ” the additional wording
” (a) Financial management in a complex organisation- full participation (b)”
 - 2) Note and endorse the arrangements for the appointment of an Independent Person, in accordance with the role profile as set out at Appendix 2 and the methodology as set out at Appendix 3.

Reason; to facilitate appointment of an independent member as recommended by the government and CIPFA.

7. Cabinet portfolio holder’s recommendations

Not applicable

8. Contact officer

Martin Dearnley, Head of Risk & Internal Audit (01484 221000 x73672)

9. Background Papers and History of Decisions

Reports to CGAC committee 17th June 2022, 30th September 2022
MoHCLG Consultation outcomes,
CIPFA Position Statement

- 10. **Service Directors responsible**
Finance; Legal, Governance & Commissioning
- 11 Appendix 1. Terms of Reference for Corporate Governance and Audit Committee

Appendix 1.

Terms of Reference

Corporate Governance and Audit Committee

Membership

Seven members, plus the following four ex-officio members with rights to speak but not vote:

- Member of the Cabinet with responsibility for Corporate Governance
- The Chair of the Overview & Scrutiny Management Committee,
- The Chair of the Standards Committee
- Person having specialist knowledge of treasury management (to be appointed and attend as required).

This section would require amendment to
 Persons having specialist knowledge of
 (a) Financial management in a complex organisation- full participation
 (b) Treasury management -to be appointed and attend as required.

No leaders of any group shall be a member of the Committee
 Proportionality need not apply to this Committee

Terms of Reference

Delegated authority in respect of all powers and duties set out below and all other Council functions not required to be determined by the full Council and not delegated to any other committee:

1. To be responsible for:
 - 1.1. Monitoring the operation of the council’s Constitution and keeping its terms under review, including all procedure rules
 - 1.2. Making recommendations to the council for any change or additions to the procedure rules or Articles of the Constitution or executive arrangements
2. To determine all matters relating to the adoption and operation of the Members’ Allowances Scheme including recommendation to the council of the adoption of or amendment to any such Scheme
3. To keep under review the portfolios of the Cabinet and the terms of reference and delegations of Council functions to committees and formally appointed bodies and officers
4. To consider the council’s arrangement relating to accounts including
 - (a) the approval of the statement of accounts and any material amendments of the accounts recommended by the auditors
 - (b) to keep under review the council’s financial and management accounts and financial information as it sees fit
5. To consider the council’s arrangements relating to the external audit requirements including:
 - (a) the receipt of the external audit reports so as to;
 - (i) inform the operation of the council’s current or future audit arrangements
 - (ii) provide a basis for gaining the necessary assurance regarding governance prior to the approval of the council’s accounts

6. To consider the council's arrangements relating to internal audit requirements including:

(a) considering the Annual Internal Audit report, reviewing and making recommendations on issues contained therein

(b) monitoring the performance of internal audit

(c) agreeing and reviewing the nature and scope of the Annual Audit Plan

7. To review the adequacy of the council's Corporate Governance arrangements.

This will include (but not be limited to) the following:

7.1. Internal control and risk management;

7.2. Oversight of whistleblowing and the Council's whistleblowing policy;

7.3. Oversight of the complaints process and the role of the Local Government Ombudsman;

7.4. Oversight of Information Governance and the role of the ICO;

7.5. To review and approve the annual statement of Corporate Governance.

8. To agree and update regularly the council's Code of Corporate Governance, monitoring its operation and compliance with it, and using it as a benchmark against performance for the annual Statement of Corporate Governance.

9. To designate the Head of Paid Service, the Monitoring Officer and all statutory "proper officers".

10. To approve payments or provide other benefits in cases of maladministration as required and make recommendations arising from any review of a report of the Local Government and Social Care Ombudsman

11. Following a decision of Council to undertake a community governance review to agree the terms of reference for and conduct such a review, making recommendations to Council who will determine the outcome of such reviews.

12. Functions relating to elections and parishes set out in Part D of Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (or any replacement or amendment of it)

13. Charities and charitable trusts (so far as not the responsibility of Cabinet).

14. Responsibility for reviewing and challenging all treasury management activities.

15. To determine appointments of individuals to outside bodies (except school governing bodies) and revocation of such appointments.

16. To determine nominations for charitable trustees in cases where there has been failure reach agreement.

17. To receive updates and monitor compliance with the Council's Regulation of Investigatory Powers Act (RIPA) policy.