

Rother District Council

Report to	-	Audit and Standards Committee
Date	-	24 June 2019
Report of the	-	Executive Directors
Subject	-	Role and Functions

Recommendation: It be **RESOLVED** that the report be noted.

Introduction

1. As part of the Members' Induction process for 2019, it has been agreed that a report outlining each Committee's roles and responsibilities will be presented to the first meeting of each Committee in the new municipal year.
2. Up until May 2017, the Council operated stand-alone Audit and Standards Committees. However, following a review of the committee structure in 2016, it was agreed to merge the two committees with effect from May 2017 to form the current Audit and Standards Committee (A&SC). The A&SC had its first full combined meeting in June 2017.
3. Attached at Appendix A is a diagram of the Council's decision making structure.

Composition and Meetings

4. The A&SC is made up of eight Members appointed in accordance with political balance rules. All Members of the Council are entitled to attend meetings of this Committee and are able to address it with the Chairman's consent. Although the A&SC is governed by the Council Procedure Rules that apply to Committees (Part 4-1 of the Constitution), meetings are usually conducted with a degree of informality and wide debate is encouraged.
5. The A&SC meets five times per year on a Monday at 6:30pm with Standards related matters being reported to the June and December meetings only. The dates arranged for the 2019/20 municipal year are as follows: 24 June 2019, 24 July 2019 (Wednesday), 23 September 2019, 9 December 2019 and 23 March 2020. However, the Chairman may call additional meetings throughout the year as required, according to business.
6. At the June and December meetings the Agenda is compiled in two parts, Part A, standards related items and Part B, audit related items.
7. The Council's three Independent Persons (IPs), namely Mrs Susan Fellows, Mrs Jan Gray and Mr Robert Tye, appointed in accordance with the Localism Act to support the Council's Standards regime and the two Parish and Town Council representatives, namely Mrs Wendy Miers (Dallington Parish Council) and Alan Stainsby (Crowhurst Parish Council) attend the June and December meetings as a Member of the Committee for the Part A items. At these meetings they can speak on all matters but have no vote. Whilst they are

able to remain for the Part B items (audit items) they would do so as a member of the public and have no right to contribute to the debate.

8. The Work Programme reported elsewhere on this agenda will give an understanding of the types of reports to be submitted to the Committee over the coming municipal year. Consideration of the Work Programme at each meeting is the main opportunity for Members to propose additional items for consideration.

Audit Function

9. The function of the Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process. The core functions of the A&SC include internal audit, external audit and inspections, control strategies and financial statements. The full Terms of Reference for the Committee in respect of its audit functions are reproduced at Appendix B.
10. The Committee can report directly to Council, if necessary, and retains independence from Cabinet for these activities:
 - monitor internal audit activity;
 - monitor external audit activity;
 - monitor the Council's compliance with its own and other published standards and controls;
 - consider the council's arrangements for corporate governance;
 - monitor risk management arrangements;
 - review the annual statement of accounts; and
 - maintain an overview of the Council's Constitution in relation to the Contract and Financial Procedure Rules.

Standards Function

11. This function of the Committee deals with the following matters:
 - to promote and maintain high standards of conduct by Members and Co-opted Members of the Council;
 - to adopt a Code of Conduct dealing with the conduct expected of Members and Co-opted Members of the Council when acting in that capacity and including provision in respect of the registration and disclosure of pecuniary and non-pecuniary interests;
 - to put in place arrangements to investigate and make decisions on written allegations that a Member or Co-opted Member of the Council has failed to comply with the Code of Conduct;
 - to appoint one or more Independent Persons;
 - to make Standing Orders to provide for the exclusion of a Member or Co-opted Member of the Council from a meeting while any discussion or vote takes place in which that person may not participate; and
 - Overview of complaints handling and Local Government Ombudsman investigations, including the power to make payments or other benefits in

cases of maladministration etc. (section 92 of the Local Government Act 2000).

Complaints Process

12. Under the Localism Act 2011, the District Council must have in place “arrangements” under which allegations that a Member or Co-opted Member of the authority or of a Parish or Town Council within the District, or of a Committee or Sub-Committee of the authority, has failed to comply with that authority’s Code of Conduct can be investigated and decisions made on such allegations.
13. The A&SC has delegated responsibility to the Monitoring Officer (MO) to make the initial assessment on whether any Member complaints should be investigated, consulting one of the IPs as necessary. The MO retains the discretion to refer the decision as to whether a complaint merits an investigation to the A&SC if it appears appropriate to do so. The view of the IP may be sought by the Council at any other stage, or by a Subject Member, or a Member or Co-opted Member of a Parish or Town Council within the District, against whom an allegation has been made that they have breached the relevant Code of Conduct.
14. Following an investigation, should a complaint merit a hearing, a Hearing Panel is established which is a Sub-Committee of the Council’s A&SC. The Hearing Panel will comprise of three elected Members, appointed thereto other than on a political basis, i.e. any three Members of the A&SC, dependent on availability and not political group. Since the introduction of the local arrangements it has not been necessary to convene a meeting of a Hearing Panel.

Independent Persons

15. The role of the IPs is to represent the public interest. The Term of Office for the current IPs commenced on the 11 July 2017 for four years and consequently expires in July 2021. IPs can only re-apply twice, thereby serving a maximum 8 years before they are considered no longer “independent”. Two of our current IPs, namely Mrs Fellows and Mrs Gray are both serving their current second term of office and will therefore need to be placed in 2021.
16. The IPs also have a statutory role under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 concerning disciplinary procedures that involve one of the three statutory Local Government post-holders; these posts being the Head of Paid Service, Section 151 Officer and Monitoring Officer. A decision to make a binding recommendation on disciplinary action against a statutory post-holder will be taken transparently by full Council, who must consider any advice, views or recommendations from an independent panel, of at least two persons, comprising the IPs appointed under section 28(7) of the Localism Act 2011.
17. An IP CANNOT be:
 - (i) a Member, Co-opted Member or officer of the authority,

- (ii) a Member, Co-opted Member or officer of a Parish or Town Council of which the authority is the principal authority, or
- (iii) a relative, or close friend, of a person within sub-paragraph (i) or (ii) above.

Parish and Town Council Representatives

- 18. Rother District Council is the principle authority for the 32 Parish and Town Councils across Rother and as such, is responsible for elements of the Standards regime, including the “arrangements” that are put in place for the determination of complaints and the registration of parish councillors’ interests.
- 19. The role of the Parish and Town Council representatives co-opted onto the A&SC are to make sure that the Parish and Town Councils are represented throughout discussions and to give a Parish and Town perspective that may not otherwise be known by the other Members serving on the Committee.

Training and Development Requirements

- 20. As part of the Council’s commitment to Member training and development, specific Committee training will be provided; this will include specific mandatory audit-related training e.g. Treasury Management, as well as other related training to enable Members to fulfil the A&SC functions.
- 21. Members are encouraged to raise any individual training needs with either the Committee Chairman or the Democratic Services Manager. The Executive Directors, Assistant Director and Heads of Service are available to answer queries and respond to comments pertaining to each agenda and report both prior to and at the meetings.

Openness of Local Government Bodies Regulations

- 22. The Openness of Local Government Bodies Regulations 2014 allow any person to attend a public meeting of a "relevant local government body", which includes District Councils, for the purposes of reporting, and allow any persons with the aim of reporting to use any communication methods, including the internet, to publish, post or otherwise share the results of their reporting activities, during or after the meeting.
- 23. ‘Reporting’ is defined as:
 - filming, photographing or audio recording of proceedings;
 - using any other means for enabling persons not present to see or hear proceedings of a meeting as it takes place or later; and
 - reporting or providing commentary on proceedings of a meeting, orally or in writing.
- 24. The Regulations provided the Council with an opportunity to include these new provisions within the Constitution and to clarify the parameters under which this activity can take place.

Conclusion

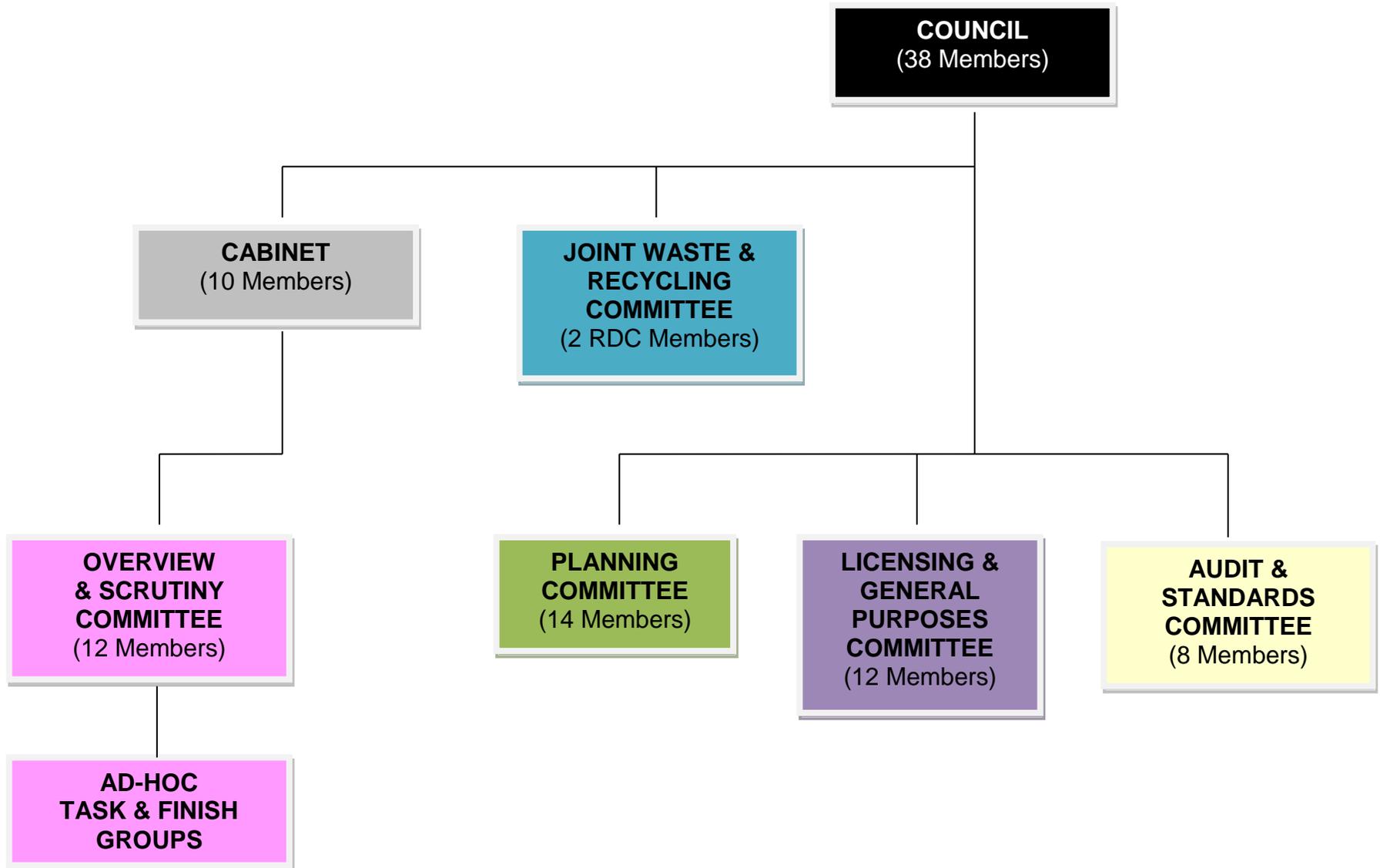
25. This report outlines the key role and functions of the A&SC.

Malcolm Johnston
Executive Director

Dr Anthony Leonard
Executive Director

Risk Assessment Statement

There are no risks associated with this report.



Audit Committee - Terms of Reference

Statement of Purpose

The purpose of the Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

Audit Activity

- a) To consider the Audit Manager's annual audit report and opinion, and a summary of internal audit activity.
- b) To approve the internal audit strategy, plan and monitor performance.
- c) To consider summaries of internal audit reports setting out the main audit findings and level assurance given to each area reviewed.
- d) To consider reports from internal audit on agreed recommendations not implemented and consider their impact on the overall control environment.
- e) To ensure there is an effective working relationship between external audit and internal audit.
- f) To consider the external auditor's annual planning letter and comment on the scope and depth of external audit work and ensure it gives value for money.
- g) To consider the external auditor's annual governance report regarding issues affecting the control environment and governance reporting.
- h) To consider specific reports as agreed with the external auditor.
- i) To consider the governance arrangements for the management and monitoring of the Council's significant partnerships.

Regulatory Framework

- j) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour (other than the Code of Conduct for Members).
- k) To review any issue referred to it by the Head of Paid Service, Executive Directors, or any council body.
- l) To monitor the effective development and operation of risk management and corporate governance in the council.
- m) To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and corruption strategy and the council's complaints process.

- n) To oversee the production of the Council's Annual Governance Statement and to recommend its adoption.
- o) To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- p) To consider the Council's compliance with its own and other published standards and controls.

Accounts

- q) To 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. To agree the signing of the accounts following the review.
- r) Approving the authority's statement of accounts, income and expenditure and balance sheet or records of receipts and payments (as the case may be). (The Accounts and Audit Regulations).
- s) To consider the external auditor's annual governance report on issues arising from the audit of the accounts.