

Rother District Council

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| Report to: | Audit and Standards Committee |
| Date: | 19 June 2023 |
| Title: | Role and Functions |
| Report of: | Interim Chief Executive |
| Ward(s): | N/A |
| Purpose of Report: | To outline the role and functions of the Audit and Standards Committee |
| Officer | |
| Recommendation(s): | It be RESOLVED : That the report be noted. |

Introduction

1. As part of the Members' Induction process for 2023, 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. Attached at Appendix B is a diagram of the Council's decision-making structure.

Composition and Meetings

3. The A&SC is made up of eight Members appointed in accordance with political balance rules, excluding Members of the Executive. All Members of the Council are entitled to attend meetings of this Committee and are able to address it with the Chair'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.
4. 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 2023/24 municipal year are as follows: 19 June 2023, 26 July 2023 (Wednesday), 2 October 2023, 4 December 2023 and 25 March 2024. However, the Chair may call additional meetings throughout the year as required, according to business.
5. At the June and December meetings the Agenda is compiled in two parts, Part A, standards related items and Part B, audit related items.
6. The Council's two Independent Persons (IPs), namely Mr Bob Brown and Mrs Rose Durban, 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 Keith Robertson (Catsfield Parish Council) attend the June and December meetings as a Member of the Committee for the Part A items. The Rother

Association of Local Councils has been asked to confirm the appointments to the Audit and Standards Committee for the next four-year term. 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. One non-voting Audit Independent Person, namely Mr Patrick Farmer, attends all meetings of the Committee in respect of audit-related matters.

7. 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

8. 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 A.
9. 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;
 - monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect; and
 - consider and recommend to Council and proposed changes to the Constitution.

Standards Function

10. The full Terms of Reference for the Committee in respect of its standards functions are reproduced at Appendix A. 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 consider and recommend to full Council the Members' 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 consider and recommend to full Council the making of 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 and Social Care 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

11. 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.
12. 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, if the complaint is referred for an investigation.
13. Following an investigation, should a Councillor be found to have breached the Council’s Code of Conduct, a hearing will be held. The Hearing Panel is established as 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

14. The role of the IPs is to represent the public interest. The Term of Office for Mr Bob Brown commenced on 10 July 2021 for four years and consequently expires in July 2025. The Term of Office for Mrs Rose Durban commenced on 17 December 2019 for four years and consequently expires in December 2023. IPs can only serve a maximum 8 years before they are considered no longer “independent”.
15. 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.

16. 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

17. 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.
18. 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

19. 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.
20. Members are encouraged to raise any individual training needs with either the Committee Chair or the Democratic Services Manager. The Chief Executive, Chief Finance Officer, Director – Place and Climate Change 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.

Conclusion

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

| Other Implications | Applies? | Other Implications | Applies? |
|---------------------------|-----------------|---------------------------|-----------------|
| Human Rights | No | Equalities and Diversity | No |
| Crime and Disorder | No | External Consultation | No |
| Environmental | No | Access to Information | No |
| Risk Management | No | Exempt from publication | No |

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| Interim Chief Executive: | Lorna Ford |
| Report Contact Officer: | Louise Hollingsworth |

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| e-mail address: | louise.hollingsworth@rother.gov.uk |
| Appendices: | A Audit and Standards Committee – Terms of Reference and Functions B Decision Making Structure Chart |
| Relevant previous Minutes: | N/A |
| Background Papers: | None |
| Reference Documents: | None |

Audit Functions

3.2 Functions and Delegations

Statement of Purpose

When carrying out the Audit functions and delegations, 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.

3.3 Audit Activity

- (1) To consider the Audit Manager's annual audit report and opinion, and a summary of internal audit activity.
- (2) To approve the internal audit strategy, plan and monitor performance.
- (3) To consider summaries of internal audit reports setting out the main audit findings and level assurance given to each area reviewed.
- (4) To consider reports from internal audit on agreed recommendations not implemented and consider their impact on the overall control environment.
- (5) To ensure there is an effective working relationship between external audit and internal audit.
- (6) 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.
- (7) To consider the External Auditor's annual governance report regarding issues affecting the control environment and governance reporting.
- (8) To consider the Council's audit risk assessment response to the External Auditor.
- (9) To consider specific reports as agreed with the External Auditor.
- (10) To consider the governance arrangements for the management and monitoring of the Council's significant partnerships and wholly or partly owned council commercial entities.
- (11) To consider and recommend to Council the appointment of one Audit independent person.

3.4 Regulatory Framework

- (1) To maintain an overview of the procurement procedure rules, financial procedure rules and codes of conduct and behaviour (other than the Code of Conduct for Members).
- (2) To review any issue referred to it by the Chief Executive, or any council body.
- (3) To monitor the effective development and operation of risk management and corporate governance in the Council.
- (4) To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and corruption strategy and the Council's complaints process.
- (5) To oversee the production of the Council's Annual Governance Statement and to recommend its adoption.
- (6) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- (7) To consider the Council's compliance with its own and other published standards and controls.
- (8) To ensure effective scrutiny of the treasury management strategy and policies.
- (9) To monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.
- (10) To consider and recommend to Council and proposed changes to the Constitution.

3.5 Accounts

- (1) 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.
- (2) 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).
- (3) To consider the External Auditor's annual audit report on issues arising from the audit of the accounts.

Standards Functions

3.6 Functions and Delegations

- (1) To promote and maintain high standards of conduct by Members and Co-opted Members of the Council. [Section 27(1)]

- (2) To report annually to Full Council on ethical standards matters.
- (3) To consider and recommend to Full Council the Members' Code of Conduct dealing with the conduct expected of Members and Co-opted Members of the Council when acting in that capacity [Section 27(2)] and including provision in respect of the registration and disclosure of
 - a) Pecuniary interest; and
 - b) Interests other than pecuniary interests. [Section 28(2)]
- (4) To consider and recommend to Full Council revisions to the existing Code of Conduct or adopt a replacement Code of Conduct. [Section 28(5)]
- (5) To consider and recommend to Full Council any other code or protocol relating to standards of conduct throughout the Council, including the Member / Officer protocol and the Officer Code of Conduct.
- (6) Duty 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. [Section 28(6)]
- (7) To consider and recommend to Council the appointment of one or more independent persons for the following purposes:
 - a) To give the Council views on any allegations it has decided to investigate, before a decision is reached;
 - b) At the discretion of the Council, to give the Council views on any other allegations; and
 - c) At the discretion of a Member, Co-opted Member or Member of a Parish or Town Council, to give the Member views on any allegations relating to the behaviour of that Member. [Section 28(7)]
- (8) Power to have regard to a Member's or Co-opted Member's failure in complying with the Code of Conduct, in deciding whether to take action in relation to that Member and what action to take.
- (9) To consider and recommend to Full Council the making of 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. [Section 31(10)]
- (10) Power to grant a Member or Co-opted Member a dispensation from the restriction on speaking and/or voting when any matter in which that person has a disclosable pecuniary interest is to be considered at a meeting of the Council or any of its committees, sub-committees, joint committees or joint sub-committees. To be exercised by the Monitoring Officer.
- (11) Power to revise and keep under review all other codes and protocols relating to standards of conduct throughout the Council, including the Member / Officer Protocol and the Officer Code of Conduct.
- (12) Overview of complaints handling and Local Government and Social Care Ombudsman investigations, including the power to make payments or other

benefits in cases of maladministration etc. (Section 92 of the Local Government Act 2000).

