
Audit and Governance Committee

15 February 2010

Report of the Assistant Director of Resources (Finance)

Audit & Governance Committee Relationships with Other Committees

Summary

1. At its meeting on 21 December 2009 Audit & Governance (A&G) Committee members, as part of a review of the terms of reference of the committee, considered the following:

“Under the Comprehensive Area Assessment, in the Organisational Assessment (Use of Resources Key Lines of Enquiry), a ‘performing well’ local authority will have an audit committee which *ensures it is aware of the work undertaken by other committees, for example the scrutiny committee, so it can take account of any significant internal control issues.*”

2. Members requested a follow up report which considered how an approach to this might be developed in City of York Council. This report summarises the key committees with which A&G has a relationship and how key internal control issues could be communicated to A&G members.

Background/Analysis

Council /Executive

3. The current relationship with Council/Executive is outlined below:
 - Draft documents relevant to the terms of reference of A&G are brought to the committee usually for consultation prior to being presented to Executive, then full Council if appropriate;
 - Changes to the Constitution now go direct to Council.

No further changes are suggested.

Standards Committee

4. There is no existing form of regular liaison with Standards Committee. although both committees play a key role in ensuring high standards of conduct and probity are maintained in the organisation. Occasionally the same reports are presented to both committees, such as the Local Government Ombudsman’s Annual Report, where they relate to both committees’ roles.

5. At its meeting on 22 January 2010, Standards Committee members considered a report on 'Raising the Profile of Standards Committee' and the following paragraph:

“14. The role of the Standards Committee includes liaison as appropriate with the Audit and Governance Committee on ‘any matter that may be of common concern to both, principally in relation to any matter arising in relation to corporate governance’. Some thought could be given about how to take this forward in a proactive way. Other councils have established occasional joint meetings of both committees and/or developed joint programmes of work between similar committees which include publicising internally codes of conduct at officer and member level; whistleblowing and so on.”

6. The Assistant Director of Resources (Customer service & Governance) through the Head of Civic, Legal & Democratic Services has already made contact with the Chair of the Standards Committee, and if agreed, will meet with Chairs of both committees to discuss a way forward to bring back to the next A&G Committee.

Overview & Scrutiny Committees

7. An effective scrutiny structure and process is core to a sound corporate governance framework. It is possible that all Overview & Scrutiny Committees could produce reports from their work programmes that A&G need to be aware of in their review of the system of internal control to inform the Annual Governance Statement. In addition there will be a naturally close relationship between A&G and the Effective Organisation Overview & Scrutiny Committee which has responsibility for the scrutiny of all corporate services including finance, audit and risk management.
8. The following proposals are suggested for future interaction with Overview & Scrutiny Committees:
 - forward plans of all Overview & Scrutiny Committees are reported to A&G Committee to highlight areas of possible interest to A&G where there are internal control implications; and /or
 - officers produce a six monthly or annual summary of scrutiny reports and outcomes which could prompt questions from and further reports for A&G. As a minimum a report should be received annually at the April meeting to inform discussion on the draft Annual Governance Statement.

Consultation

9. Not relevant for the purpose of this report.

Options

10. The proposals in paragraphs 3 to 8 can either be accepted wholly or individually or members may propose alternative solutions.

Analysis

11. See paragraphs 3 to 8.

Corporate Priorities

12. This report contributes to the overall effectiveness of the council's governance and assurance arrangements contributing to an 'Effective Organisation' and seeks to further improve the system of internal control in line with professional best practice.

Implications

13.
 - (a) **Financial** - There are no implications
 - (b) **Human Resources (HR)** - There are no implications
 - (c) **Equalities** - There are no implications
 - (d) **Legal** – There are no implications
 - (e) **Crime and Disorder** - There are no implications
 - (f) **Information Technology (IT)** - There are no implications
 - (g) **Property** - There are no implications

Risk Management

14. Failure to improve liaison between those committees described in this report may lead to a view that the A&G Committee is failing to follow best practice requirements in exploring all available information on internal control arrangements (risks, controls and improvements in controls), and as a result its Use of Resources score in future CAA assessments could be adversely affected.

Recommendations

15. Members are asked to:
 - (a) agree that existing relationships with Executive and Council should continue as laid down in the council's Constitution;
 - (b) agree that the Assistant Director of Resources (Customer Service & Governance) discusses future liaison arrangements between the Standards and A&G Committees with the respective Chairs, and brings back proposals for future working to the April committee;

- (c) agree future arrangements for reporting the internal control-related outcomes of Overview & Scrutiny Committee work by selecting both or either option(s) in paragraph 8 above .

Reason

To improve committee members' awareness of activity and outcomes from other committees' work where it could influence the work and opinion of the A&G Committee.

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Specialist Implications Officers

Not applicable

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Review of the Audit & Governance Committee's Terms of Reference (Articles & Functions) – Audit & Governance Committee, 21 December 2009

Raising the Profile of Standards Committee'–Standards Committee, 22 January 2010

Annexes

None