

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	23 AUGUST 2011
TITLE OF REPORT:	TERMS OF REFERENCE
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

The purpose of this report is to outline to Members the terms of reference of the Audit and Governance Committee.

Key Decision

This is not a Key Decision.

Recommendation

THAT the report be noted.

Key Points Summary

- The Terms of Reference of the Audit and Governance Committee are set out in Part 5, Section 5.12 of the Council's constitution. They are repeated in Appendix 1 of this report.
- The Committee's responsibilities in relation to governance are clearly stated. The main purpose of the Committee is to review and approve the Council's annual governance statement and annual statements of account. The Committee is also charged with other responsibilities in relation to the review of various policies and procedures.
- The Committee is not responsible for the establishment and review of the overall governance framework i.e. the constitution. This responsibility rests with Council.

Alternative Options

1 None.

Reasons for Recommendations

2 To ensure the Committee understands the extent of its responsibilities.

Introduction and Background

- 3 Section 12, paragraph 5.12.5 of the Audit and Governance Code sets out the terms of reference of the Audit and Governance Committee. At the Committee induction event and at the last Committee in June, Members discussed their responsibilities in respect of governance and sought clarification as the extent of their responsibilities.

Key Considerations

- 4 The Council has adopted a Constitution which sets out how it operates and how it makes decisions. The constitution is in eight parts:
- Part 1 is a summary of our Constitution together with an introduction to the Council.
 - Part 2 contains 13 articles which explain how key parts of the Council work;
 - Part 3 says who does what;
 - Part 4 contains detailed rules about how particular things operate;
 - Part 5 provides more details about how Councillors and Council staff work together;
 - Part 6 sets out the allowances that Councillors are paid;
 - Part 7 explains the Cabinet and Scrutiny Committee roles and the Council's management structure; and
 - Part 8 is a glossary explaining meanings of particular words and phrases used in the Constitution.
- 5 The Council is responsible for the overall governance framework. It adopts and changes the Constitution and is also responsible for determining the Budget and Policy Framework and approving the plans and strategies within it including the Corporate Plan. The Cabinet is responsible for all executive actions. The Overview and Scrutiny Committees are primarily responsible for holding the executive to account and developing proposals for policy development to the Cabinet or the Council. There is no statutory basis in the legislation for a free standing audit committee and this committee's role draws primarily on the overview and scrutiny function for its legitimacy. Accordingly it does not have any executive powers. However, it does have a free standing role in approving the annual accounts and governance statement, since these cannot be signed off by the Cabinet. The following sections describe the committee's remit in more detail.
- 6 Part 5 of the constitution includes the Audit and Governance Code and the terms of reference of the Audit and Governance Committee. The Committee's responsibilities in relation to governance are clearly stated. The Council appoints this Committee to ensure the effective and fully compliant governance of the Council and in particular to ensure that all aspects of the financial affairs of the Council are properly and efficiently conducted. The main purpose of the Committee is therefore to review and approve the Council's annual governance statement - its declaration as to how the governance framework has operated within the financial year - and annual statements of account.
- 7 The Committee is also required to provide effective and objective scrutiny of the Council's governance arrangements that are relevant to the committee's remit. This includes:
- Reviewing and commenting on any issue referred to it by the Chief Executive, a Director, or Cabinet Member or by any Herefordshire Council body;
 - Reviewing and making recommendations on any proposed amendments to the Council's code of corporate governance, financial procedure rules, contract and procurement procedure rules, scheme of delegation, budget policy, procedure rules or governance arrangements;

- Approving the Council's counter fraud and corruption policies and reviewing them on a biennial basis;
- Reviewing and approving the Council's whistle blowing policy on a biennial basis; and
- Being part of the consultation process when the Council's complaints policy is being reviewed.

8 The Committee's work programme reflects the above requirements.

Financial Implications

9 There are no financial Implications.

Legal Implications

10 There are no legal Implications.

Risk Management

11 There is a risk that the Committee does not understand the extent of its obligations under its terms of reference. This paper helps mitigate that risk.

Appendices

Appendix 1- Audit and Governance Committee terms of reference