

**BRISTOL CITY COUNCIL**  
**JOINT MEETING OF THE AUDIT AND STANDARDS COMMITTEES**  
**9 April 2010**

**Report of:** Strategic Director (Resources)

**Report Title:** Audit and Standards Committees - Roles and Responsibilities

**Ward:** Citywide

**Officer presenting report:** Richard Powell, Chief Internal Auditor

**Contact Telephone Number:** 0117 92 22448

**RECOMMENDATION**

The Audit and Standards Committees are recommended to note the respective roles and responsibilities of the two Committees.

**SUMMARY**

**The significant issues in the report are:**

- the Audit Committee's Terms of Reference and Work Programmes (paragraphs 2.2 to 2.6, and Appendices A (i) and (ii))
- the Standards Committee's Terms of Reference and Work Programmes (paragraphs 3.1 to 3.3, and Appendix B (i) and (ii))

**Policy**

The Council is required to have a Standards Committee by virtue of Section 53 of the Local Government Act 2000. The Act requires the Standards Committee to carry out the general functions of:

- promoting and maintaining high standards of conduct by Members and co-opted members of the authority; and
- assisting Members and co-opted members to observe the authority's Code of Conduct.

It is also recognised as "best practice" to have an Audit Committee, with the Chartered Institute of Public Finance and Accountancy (CIPFA) issuing guidance on the structure and role of such a Committee. There are also clear expectations in relation to both Committees, contained in the Comprehensive Area Assessment (CAA) Use of Resources (UoR) Key Lines of Enquiry

(KLOEs), and these are expanded in another report elsewhere on this agenda.

**Consultation:**

**Internal:** None necessary

**External:** None necessary

**1. Purpose of Report**

1.1 At its meeting on 13 June 2008, the Head of Legal Services advised the Audit Committee of the clear expectation of the Standards for England that Standards Committees should be involved in governance matters.

1.2 In response to this expectation, the Chair of the Audit Committee advised that "consideration would be given to a joint meeting between the Audit Committee and the Standards Committee in respect of governance issues, the meeting to be arranged some time during the municipal year." The Head of Legal Services confirmed this would help to avoid parallel working and promote "best practice".

1.3 A joint meeting was therefore convened in March 2009 to help the Council respond to the Standards for England expectations in respect of the role of the Standards Committee's in "governance". The governance framework is described as:

"comprising the systems and processes, and culture and values, by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether this has led to the delivery of appropriate, cost-effective services."

1.4 In this report, the Terms of Reference and respective work programmes for the two Committees, are identified, so that each can have clarity about what the other's role and responsibilities are. The three other reports on this agenda cover:

- the CAA UoR KLOEs that affect each of the Committees, so that the Council can determine whether it complies, and decide what, if any, further action is necessary to meet the outcomes expected; and
- review and updating of the local Code of Corporate Governance, good practice recommended by the Society of Local Authority Chief Executives (SOLACE) and CIPFA.
- the draft Annual Governance Statement (AGS) for 2009/10, as it currently stands, together with a covering report which seeks to give an initial indication of those issues which might be considered for inclusion in the AGS, starting with those issues which were included in the 2008/9 AGS.

## **2. Audit Committee**

- 2.1 The Audit Committee's Terms of Reference relate to risk management, internal control and governance. It broadly follows CIPFA guidance, and is attached at Appendix A (i). The Committee consists of five Councillors, based on political balance, together with two members independent of the Council.
- 2.2 The Committee meets six times per year, with the dates of two meetings set to coincide with the statutory timetable, firstly in relation to the Committee's responsibility for approving the Statement of Accounts and the AGS by the end of June, and secondly, as "those charged with governance", receiving the external auditor's Governance Report by the end of September.
- 2.3 The Committee also receives the Audit Plans for both External Audit (currently Grant Thornton) and Internal Audit, and progress reports throughout the year on the work of both. It also receives reports from the Benefit Fraud Investigation Team, and on Risk Management, including advising annually on any changes necessary to the Risk Management Policy Statement.
- 2.4 The Committee has also drawn on the AGS, to incorporate into its work programme topics where deficiencies in the Council's arrangements have led to particular issues being identified in the AGS as needing attention. In its first year it identified Risk Management as such as topic, and received the Corporate and Departmental Risk Registers, together with covering reports from the appropriate Chief Officers, on a regular basis. Given its overall responsibility for Risk Management, the Committee still receives the registers as an information item.
- 2.5 From the AGS of succeeding years, the Committee identified business continuity planning, information security and partnership governance as matters which would benefit from their enhanced scrutiny, and have received, and will continue to receive, updating reports until such time as matters are considered to have been fully addressed.
- 2.6 The Committee's work programme for 2009/10 is attached at Appendix A(ii). A report on the Committee's work for the year is submitted to full Council annually.

## **3. Standards Committee**

- 3.1 The Standards Committee is a statutory requirement. General guidance and ultimate responsibility for ethical governance is provided by the Standards Board for England. Section 54 of the Local Government Act 2000 gives the Standards Committee the general functions of:
  - a) promoting and maintaining high standards of conduct by the Members and co opted Members of the authority and
  - b) assisting Members and Co opted Members to observe the authority's Code of Conduct.

It also has specific functions requiring it to:

- a) advise on adoption or revision of the Code of Conduct for Members
- b) monitor the operation of the Code
- c) advise, train or arrange training on the requirements of the Code of Conduct

and anything else the authority feels is appropriate for the Committee to deal with.

In addition to the above, the Standards for England Regulations 2008 passed responsibility for investigating and enforcing alleged breaches of the Code of Conduct for Members to a localised system whereby Standards Committees investigate allegations against their own authority's councillors.

- 3.2 The Committee in Bristol comprises 5 independent members, together with 3 Councillors (the Group Whips). The Chair of the Committee is required to be one of the independent Members. The Committee meets approximately 6 times per year but has a monthly meeting of the review sub-committee to consider complaints against Councillors. The independent members are appointed by an external advertising process, and serve for a four-year term, although exceptionally a second term can be served where the independent member is not closely identified with the Council.
- 3.3 The Standards Committee role is to oversee the conduct and behaviour of elected members. To discharge this responsibility it reviews, comments on and recommends for adoption various Codes of Conduct, and also oversees the declaration process for Members' interests. It also undertakes hearings into Members' conduct, a power fully transferred from the Standards for England in May 2008, and has the power to impose sanctions, including suspension of a member for up to 6 months.
- 3.4 In addition, the Committee assists the Council's Head of Legal Services, as Monitoring Officer, in enhancing and promoting ethical governance across the Council.

This means that rules and procedures are regularly developed, which set out the standards of behaviour that the Council expects of its Councillors and staff. It also deals with the way in which Councillors and employees should relate to one another and is set out in the protocol for officer/member. This means that rules and procedures are regularly developed, which set out the standards of behaviour that the Council expects of its Councillors and staff. It also deals with the way in which Councillors and employees should relate to one another and is set out in the protocol for officer/member relations.
- 3.5 The Committee is continuing to develop its ethical framework and for the future will be looking to work with partner organisations and the local community to develop a city-wide ethical framework.
- 3.6 The Standards Committee's Terms of reference, together with its work

programme for 2009/10 is set out in Appendix B (i) and (ii).

#### **4. Other Options Considered**

4.1 None necessary

#### **5. Risk Assessment**

5.1 The Council is legally required to have a Standards Committee, and "best practice" dictates that it should have an Audit Committee. It is also expected to maintain sound internal control, risk management and governance arrangements, and to this end, in early 2009, has created and implemented a local Code of Corporate Governance, to which both the Audit and Standards Committees contributed.

5.2 Without effective Audit and Standards Committees, the Council runs the risk of having unsatisfactory governance arrangements, which could lead to specific failures in the way in which the Council is managed and controlled. As one major theme of the CAA UoR is "Governing the Business", a failure to comply with CAA's requirements in relation to "governance" may also effect future scores in this assessment.

#### **6. Equalities Impact Assessment**

6.1 None necessary for this report

#### **7. Legal and Resource Implications**

7.1 **Legal** - none sought

7.2 **Resource** - none as a result of this report

### **Appendices**

**Appendices A (i) and (ii)** - the Audit Committee's Terms of Reference and work programme for 2009/10.

**Appendix B (i) and (ii)**- the Standards Committee's Terms of Reference and work programme for 2009/10.

### **LOCAL GOVERNMENT ACCESS TO INFORMATION**

Background Papers: statutory guidance

Audit Committee and Standards Committee Terms of Reference and work programmes.

# **BRISTOL CITY COUNCIL AUDIT COMMITTEE**

## **Terms of Reference**

### **Overview**

The purpose of the Audit Committee is to provide independent assurance to the council in relation to:-

1. The effectiveness of the council's governance arrangements, risk management framework and internal control environment including overseeing:
  - risk management strategies
  - anti-fraud arrangements
  - whistle-blowing strategies
  - internal and external audit activity;
2. the effectiveness of the council's financial and non-financial performance to the extent it affects exposure to risk and poor internal control;
3. the annual governance statement;
4. the review and approval of the annual statement of accounts, confirming the appropriate accounting policies have been followed, including the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Functions**

Full Council has delegated the following functions to the Audit Committee:

Duty to approve the authority's statement of accounts, income and expenditure and balance sheet, or record of payments and receipts (as the case may be) (The Accounts and Audit Regulations 2003 S.I. 2003/533).

**AUDIT COMMITTEE DRAFT WORK PROGRAMME 2009/10**

<b>Meeting Date</b>	<b>Work Programme- Details</b>
Friday 26 June 2009 (9.30 am) Annual Meeting	Annual Meeting Business Annual Work Programme Annual Governance Statement 2008/9 Statement of Accounts 2008/9
Friday 31 July 2009 (9.30am)	Grant Thornton: Audit and Inspection Plans - progress report Benefit Fraud Annual Report 2008/9 Internal Audit Annual Report 2008/9 Internal Audit Plan 2009/10 Partnerships - update on partnership governance arrangements - Bristol Partnership Significant External Audit reports/self-generated items  <b>For information</b> Corporate Risk Register Children's Partnership Risk Register Grant Thornton's report - H&SC - Performance Management in Mental Health Services
Friday 25 September 2009 (9.30am)	Grant Thornton's ISA 260 Report on the Audit of Accounts 2008/9 Hengrove PFI Lessons Learnt Monitoring of Corporate Major Projects Partnerships: <ul style="list-style-type: none"> <li>● Protocol with Bristol Partnership</li> <li>● Update on partnership governance arrangements - Assurance checklists for Thriving Neighbourhoods Board and Prosperous and Ambitious Board deferred pending outcomes from Partnership Protocol.</li> <li>● Assurance checklist for Health &amp; Wellbeing Board deferred pending further development of Board.</li> </ul> Business Continuity Planning including Swine Flu (update) Internal Audit Periodic Report (1 <sup>st</sup> period) Significant External Audit reports/self-generated items  <b>For information</b> Health and Social Care Risk Register Corporate Directorates Risk Register

Meeting Date	Work Programme- Details
<p>Friday 13 November 2009 (9.30am)</p>	<p>Grant Thornton:</p> <ul style="list-style-type: none"> <li>● Financial Statements Plan plus Audit and Inspection Plan - progress report</li> <li>● Feedback on Use of Resources inspection results</li> </ul> <p>Partnerships - update on partnership governance arrangements:</p> <ul style="list-style-type: none"> <li>● Thriving Neighbourhoods Board</li> </ul> <p>Risk Management Annual Report 2008/9, (including Risk Management Policy Statement update) Benefit Fraud Half Yearly Report Information Security Update IFRS Implementation Significant External Audit reports/self-generated items</p> <p><b>For information</b> Grant Thornton - Health &amp; Equalities update Neighbourhoods Risk Register Children Young People and Skills Risk Register</p>
<p>Friday 15 January 2010 (9.30am)</p>	<p>Outline briefing on Key Capital Projects and level of contingency and Project Monitoring . Outline briefing on Housing Benefit Debt and the monitoring process.</p> <p>Grant Thornton:</p> <ul style="list-style-type: none"> <li>● Response to CAA issues Action Plan</li> <li>● Annual Audit Inspection Letter</li> <li>● Audit and Inspection Plan - progress report</li> </ul> <p>Internal Audit:</p> <ul style="list-style-type: none"> <li>● Progress report on implementation of Grant Thornton recommendations</li> <li>● Periodic Report (2<sup>nd</sup> Period)</li> <li>● Strategic Fraud Update</li> </ul> <p>Partnerships - update on partnership governance arrangements:</p> <ul style="list-style-type: none"> <li>● Prosperous &amp; Ambitious Board and Health &amp; Wellbeing Board</li> </ul> <p><b>For information</b> Corporate Risk Register City Development Risk Register Thriving Neighbourhood Partnership Risk Register</p>
<p>Friday 9 April 2010 Joint meeting with Standards Committee (10.00)</p>	<p>Local Code of Corporate Governance - review Draft Annual Governance Statement</p>



<b>Meeting Date</b>	<b>Work Programme- Details</b>
Friday 16 April 2010 (9.30am)	<p>Grant Thornton:</p> <ul style="list-style-type: none"><li>● Fee Letter &amp; Audit Plan 2010/11</li><li>● Grant Report</li><li>● WoEP - Governance Arrangement Report</li><li>● Review of Audit Committee - Checklist</li><li>● Progress Report</li></ul> <p>Draft Audit Committee Annual Report to Council Value For Money in Partnerships Report</p> <p>Internal Audit :</p> <ul style="list-style-type: none"><li>● Update on progress on External Auditor recommendations</li></ul> <p>Significant External Audit reports/self-generated items</p> <p><b>For information</b> Health &amp; Wellbeing Partnership Risk Register</p>

**STANDARDS COMMITTEE**

**Terms of reference:**

1. To exercise the functions of a standards committee conferred upon it by or under part III of the Local Government Act 2000 (as amended by the Local Government and Public Involvement in Health Act 2007) including the following general functions:

- (a) promoting and maintaining high standards of conduct by the members and co-opted members of Bristol City Council;
- (b) assisting those members and co-opted members to observe the members' code of conduct and any other codes and protocols agreed by the Council;

and the following specific functions:

- (c) advising the council on the adoption or revision of its members' code of conduct and any associated codes and protocols;
- (d) monitoring and reviewing the operation of the Council's code of conduct;
- (e) advising, training or arranging to train members and coopted members of the council on matters relating to the members' code of conduct.
- (f) considering and determining any allegations against councillors of the council of misconduct, meaning a breach of the members' code of conduct or other codes/protocols approved by the Council or by the Standards Committee on its behalf.

2. To exercise other functions of the council as the council from time to time considers appropriate including:

- (a) liaison with and the making of representations to any of the following persons or bodies in respect of any matter falling within or ancillary to the Standards Committee's terms of reference:
  - (i) government ministers/departments;

- (ii) bodies which represent local authorities or which undertake a co-ordinating role in respect of specific local authority functions, in particular the Local Government Association (LGA) and the Local Authorities Co-ordinators of Regulatory Services (LACORS);
  - (iii) the District Auditor;
  - (iv) the Local Government Ombudsman;
  - (v) the Standards Board for England.
- (b) Making recommendations arising out of the discharge of the committee's functions in respect of the Council's disciplinary or grievance procedures;
  - (c) Considering nominations made by the whips for the conferring of the title of "*honorary alderman*" and making recommendations to full council thereon;
  - (d) Granting dispensations to members and co-opted members from the requirements relating to interests set out in the members' code of conduct;
  - (e) Oversee reviews of the Council's constitution;
  - (f) Monitor the register of members' interests;
  - (g) Recommend to full Council appointments of independent members of the Standards Committee;
  - (h) To determine applications for dispensations in respect of politically restricted posts;
  - (i) Undertake such functions as the Secretary of State may by regulations confer on the Standards Committee.

**STANDARDS COMMITTEE WORK PROGRAMME  
2009/2010**

**APPENDIX B (ii)**

Meeting 1 : 9 <sup>th</sup> July 2009 (bobs birthday) take hospitality register	Title	Officer	Notes
<b>DISCUSSION ITEMS</b>	Annual Business	SM	
	Work Programme 2009-10	SD/SM	
	Review of Assessment Procedure	SM	6 monthly
	Appointment of Aldermen nominations	SM	
	Attendance Motion at Full Council 31.03	SD	
	Ways to improve the Standards Committee: Annual Return to SBE	SD	
<b>INFORMATION ITEMS</b>			
	Bulliten 43 from SBE & date of Annual SBE conference	SM	12/13 Oct - Birmingham
	Update on conference 2009	SM	

<b>Meeting 2 : 24<sup>th</sup> Sept 2009</b>			
	<b>Title</b>	<b>Officer</b>	<b>Notes</b>
<b>DISCUSSION ITEMS</b>	Governance (previous report sept 08, joint meeting held Mar 09)		
	Evaluation of Conference 2009 - proposal for conference 2010		
	Use of Blogs	SD	
	Planning Protocol (review) Member/Officer Protocol (alternate meeting item)	SD	As requested in IA Sub Cttes propose consultation methods for the more significant review of policy?

**INFORMATION ITEMS**

<b>Meeting 3 : 19<sup>th</sup> Nov 2009</b>			
	<b>Title</b>	<b>Officer</b>	<b>Notes</b>
<b>DISCUSSION ITEMS</b>	Granting Dispensations to Cllrs to vote on the Annual Budget		
	The Selection procedure for Lord Mayor		

**INFORMATION ITEMS** Member/Officer Protocol (alternate meeting item)

<b>Meeting 4 : 11<sup>th</sup> Feb 2010</b>			
	<b>Title</b>	<b>Officer</b>	<b>Notes</b>
<b>DISCUSSION ITEMS</b>	Initial report: appointment of IM - TG in Oct 2010		
	Appointment of Aldermen Nominations		
	Protocol for actions during Purdah		
	Annual Report of the Standards Committee		
	Review of Assessment Procedure		

6<sup>th</sup> Monthly

<b>INFORMATION ITEMS</b>	Follow up report: Lord Mayors Selection		
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<b>9<sup>th</sup> April (Friday) 2010 JOINT MEETING OF THE AUDIT COMMITTEE &amp; STANDARDS COMMITTEE</b>		<b>Title</b>	<b>Officer</b>	<b>Notes</b>
<b>DISCUSSION ITEMS</b>		Local Code of Corporate Governance - review		
		Draft Annual Governance Statement		

<b>Meeting 5 : 15<sup>th</sup> April 2010</b>		<b>Title</b>	<b>Officer</b>	<b>Notes</b>
<b>DISCUSSION ITEMS</b>				
<b>INFORMATION ITEMS</b>		Member/Officer Protocol (alternate meeting item)		

**Unplaced 2009/2010 Municipal Year - items -**

**The Role of the Monitoring Officer**  
**Code of Practice on LG Publicity**  
**Planning Protocol**

Protocol for Actions during Purdah??

Changes to the Code of Conduct (new Councillors and training)

Chartermark for Member Development - Rachel Boast