

**BRISTOL CITY COUNCIL
JOINT MEETING OF THE AUDIT AND STANDARDS COMMITTEES
1st April 2011**

Report of: Strategic Director (Corporate Services)

Report Title: Audit and Standards Committees - Roles and Responsibilities

Ward: Citywide

Officer presenting report: Richard Powell, Chief Internal Auditor

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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 2.1 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.

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 Board 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 The first 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", with a further meeting held in April 2010. 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 two other reports on this agenda cover:

- review and updating of the local Code of Corporate Governance, good practice recommended by the Society of Local Authority Chief Executives (SOLACE) and CIPFA: and
- the draft Annual Governance Statement (AGS) for 2010/11, 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 2009/10 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 a topic, and received the Corporate and Directorate 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 2010/11 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 currently a statutory requirement. General guidance and ultimate responsibility for ethical governance is provided by 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 Board 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 With the proposed abolition of the Standards Board for England, as a result of the Localism Bill, and with it the statutory requirement for local authorities to have a Standards Committee, it is currently not clear how the Council will proceed in the next financial year.
- 3.6 The Standards Committee's Terms of reference, together with its work programme for 2010/11 is set out in Appendix B.

4. Other Options Considered

- 4.1 None necessary

5. Risk Assessment

- 5.1 The Council is currently 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.

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 2010/11.

Appendix B - the Standards Committee's Terms of Reference and work programme for 2010/11.

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
WORK PROGRAMME 2010/11**

Meeting Date:	Work Programme - Details
Friday 18 June 2010 Annual Meeting (9.30 am)	Annual Meeting Business Annual Work Programme Grant Thornton: <ul style="list-style-type: none"> ● Interim Audit Report/Audit and Inspection Plan Progress Report Draft response to External Auditor's review of the Effectiveness of the Audit committee Benefit Fraud Annual Report 2009/10 Internal Audit : <ul style="list-style-type: none"> ● Annual Report 2009/10 ● Audit Plan 2010/11 For information Corporate Risk Register Standards Committee Annual Report 2009/10 Standards Committee Work Programme 2010/11
Friday 25 June 2010 (9.30 am)	Annual Governance Statement 2009/10 Statement of Accounts 2009/10 For information Resources Scrutiny Commission Work Programme 2010/11
Monday 27 September 2010 (5.30 PM)	West of England Partnership : <ul style="list-style-type: none"> ● Partnership Chief Executive's Report on Progress on External Audit Stage 1 Review. Grant Thornton: <ul style="list-style-type: none"> ● Governance Report on the Audit of Accounts 2009/10/Audit and Inspection Plan progress report ● 2009/10 Value for Money Conclusion Report ● Business Transformation For information Central Directorates Risk Register Health and Social Care Risk Register

Meeting Date:	Work Programme - Details
<p>Friday 12 November 2010 (9.30 am)</p>	<p>Grant Thornton:</p> <ul style="list-style-type: none"> ● 2009/10 Annual Audit Letter ● Financial Standing <p>Internal Audit:</p> <ul style="list-style-type: none"> ● Risk Management Annual Report 2009/10, (including Risk Management Policy Statement update) ● Internal Audit Half Yearly Report <p>Benefit Fraud Investigation Team:</p> <ul style="list-style-type: none"> ● Half Yearly Report (Including Cost/Benefit analysis) <p>Information Security Update</p> <p>For information Neighbourhoods General Fund Risk Register Children Young People and Skills Report on Risk Register</p>
<p>Friday 28 January 2011 (9.30am)</p>	<p>Grant Thornton:</p> <ul style="list-style-type: none"> ● Audit Plan 2010-11 ● 2009/10 Grants Report <p>Partnership Working:</p> <ul style="list-style-type: none"> ● Report on Bristol Partnership Governance Sub Group Work on VFM/Risk Register <p>Internal Audit</p> <ul style="list-style-type: none"> ● Strategic Fraud Update <p>International Financial Reporting Standards (IFRS)</p> <p>Business Continuity Planning - Update</p> <p>For information Information Security online training update Corporate Risk Register City Development Risk Register Neighbourhoods HRA Risk Register Report CYPS Risk Register</p>
<p>Wednesday 16th February - Special Meeting (17:00)</p>	<p>CYPS - Additional Funding to Bishop Road</p>
<p>Friday 1 April 2011 Joint meeting with Standards Committee (10.00)</p>	<p>Local Code of Corporate Governance - review Draft Annual Governance Statement Members Declaration of Interests Report Audit Committee and Standards Committee Work Programmes.</p>

Meeting Date:	Work Programme - Details
<p>Friday 8 April 2011 (9.30am)</p>	<p>Grant Thornton:</p> <ul style="list-style-type: none"> ● 2011/12 Fee Letter/Audit and Inspection Plan progress report <p>Internal Audit:</p> <ul style="list-style-type: none"> ● Progress report on implementation of Grant Thornton recommendations ● Audit Committee Training Provision ● Effectiveness of External Audit <p>Information Security - Progress report on e-Learning uptake.</p> <p>Waste Contract Gateway Review - Summary report</p> <p>Corporate Performance Team - Summary Report</p> <p>Draft Audit Committee Annual Report to Council</p> <p>For Information: Schedule of Financial Reporting Dates</p>
<p>Wednesday 20th April 2011 Special Meeting (16:00)</p>	<p>Internal Audit - Additional Funding to Bishop Road School</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.

WORK PROGRAMME : STANDARDS COMMITTEE 2010-2011

	Title	Notes
Meeting 1: 10th June 2010	Annual Business	
	Work Programme 2010-2011	
	Appointment of Aldermen Nominations	
	SBE Annual Return – feedback form for Councillors	
	Appointment of IM – presentation of dates and process (TG in October 2010)	
	Use of Blogs – SFE Guidance	
	Latest Bulletin from SBE	Info Only
	Member/Officer protocol	Info Only
	Correspondence with Alderman Association	Info Only
	Annual Assembly for Standards committees 2010	Info Only
Meeting 2: 23rd September 2010	<u>CANCELLED – ITEMS CARRIED TO NOVEMBER 2010</u>	
Meeting 3: 18th November 2010	6 monthly review of Local Assessment Framework (Agreed Feb 2010)	
	Annual Report of the Standards Committee	
	Annual Report of the Audit Committee	
	Selection Procedure for Lord Mayor	Info Only
	Latest Bulletin from SBE	Info Only
	Work Programme, Annual Report and Terms of Reference for Audit Committee to be shared to ensure no duplication.	
Meeting 4: 10th February 2011	Guidance to Members and Officers during the Purdah period	
	The LOCALISM BILL	

	Report to grant dispensations to vote at the budget Council meeting	
	Proposed Code of Publicity	
	Lord Mayor Selection Committee	
	Member/Officer Relations – Alternate Meeting Item	
Meeting 5: 21st February 2011	Report to grant dispensations to vote at the budget Council meeting	
1st April 2011	Joint Meeting with Audit Committee	
	Annual Governance Statement – Dick Powell	
	Audit of Members Interests – DP	
	Local Code of Corporate Governance - DP	
Meeting 5: 14th April 2011	<u>CANCELLED – ITEMS CARRIED TO JUNE 2011</u>	
	Nominations for Alderman – now goes to June Meeting	
	Local Assessment Framework – Review one year on (Agreed Feb 2010, reviewed Nov 2010)	

ITEMS COMING TO COMMITTEE IN FUTURE:

The Role of the Monitoring Officer – wait for Localism Guidance

Planning Protocol/Licensing Protocol- review during 2011

Discussion ref Full Council Improvements

Politically Restricted Posts – June 2011