

# Audit Committee

25<sup>th</sup> November 2019



**Report of:** Monitoring Officer

**Title:** Key decision definition in Constitution

**Ward:** N/A

**Officer Presenting Report:** Tim O’Gara

## Recommendation

That the Committee recommends to Full Council that the definition of ‘key decision’ in the Constitution be amended in accordance with Appendix 1.

## Summary

Responsibility for reviewing the Council’s Constitution and making recommendations to Full Council was delegated to the Audit Committee in December 2018. This report follows on from the report on 26<sup>th</sup> March 2019 and updates the Committee on proposals for changes to the definition of ‘key decision’ in the Constitution.



## Policy

1. The Audit Committee is a key component of the Council's governance framework. Its function is to provide an independent and high level resource to support good governance and effective public financial management.
2. The purpose of an Audit Committee is to provide those charged with governance with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

## Consultation

3. **Internal**  
Not applicable
4. **External**  
Not applicable

## Context

5. The definition of what constitutes a 'key decision' is currently addressed in multiple places within the Constitution. These definitions, whilst similar, are not consistent. The primary purpose of this part of the review exercise was to ensure that there was a single definition in order to remove the current uncertainty around interpretation.

## Proposal

6. The definition that is being proposed is attached at Appendix 1 and a tracked change version may be found at Appendix 2.
7. There are some minor amendments in the definition to be considered:
  - 7.1. The current definitions exclude certain expenditure items from the definition of key decision. It is proposed under the new definition that £500,000 will be an objective threshold in order to provide clarity i.e. all expenditure above that level will be a 'key decision.'
  - 7.2. Concession contracts are not covered by the statutory definition; however in practice they are taken to Cabinet if they are above the threshold. A clarification has been added to this effect.
  - 7.3. Whilst the above should reduce the times where this is necessary, the current definition places the final decision with Executive Director, subject to guidance from the Monitoring Officer. In practice it is expected that input would be sought from the decision-maker and this has been reflected in the updated guidance.

## Other Options Considered

None necessary

## **Risk Assessment**

None necessary

## **Legal and Resource Implications**

### **Legal**

Local authorities are under a statutory obligation to keep their constitutions up-to-date (s.9P Local Government Act 2000). Under the Council's constitution, this duty is discharged by the Monitoring Officer (Article 16.01).

**Legal advice provided by Nancy Rollason, Head of Legal Services**

### **Financial**

#### **(a) Revenue**

Not applicable

#### **(b) Capital**

Not applicable

### **Land/Property**

Not applicable

### **Human Resources**

Not applicable

### **Appendices:**

Appendix 1 – Proposed amendment to definition of 'key decision'

Appendix 2 – Tracked change version of Appendix 1

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

### **Background Papers:**

None