

General Purposes & Audit Committee Supplementary Agenda



5. Terms of Reference (Pages 3 - 12)

The Terms of Reference of the General Purposes and Audit Committee.

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Agenda Item 5

REPORT TO:	GENERAL PURPOSES AND AUDIT COMMITTEE
AGENDA ITEM NO:	10 June 2021
SUBJECT:	REVIEW OF THE TERMS OF REFERENCE, MEMBERSHIP, DATES AND FREQUENCY OF MEETINGS OF THE GENERAL PURPOSES AND AUDIT COMMITTEE
LEAD OFFICER:	ASMAT HUSSAIN EXECUTIVE DIRECTOR OF RESOURCES AND DEPUTY MONITORING OFFICER (INTERIM)
WARDS:	ALL
CORPORATE PRIORITIES 2021-2024/POLICY CONTEXT. The proposal will ensure good governance within the Council and by councillors. Good governance underpins the Council's new Core Priorities and Ways of Working: <ul style="list-style-type: none">• we will live within our means, balance the books and provide value for money for our residents;• we will focus on tackling ingrained inequality and poverty in the borough;• we will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe; and• to ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.	
FINANCIAL IMPACT Implementation of the recommendations contained in this report shall be contained within existing budgets.	

1. RECOMMENDATIONS

The General Purposes and Audit Committee is asked to:

- 1.1 Consider and review its Membership (including the role of the co-opted members), Terms of Reference, together with dates and frequency of future meetings as set out in Appendix 1, 2 and 3 respectively;
- 1.2 Consider to recommend to full Council that the Terms of Reference be amended to include review of the Council's use of our policies in relation to Whistleblowing and the Regulation of Investigatory Powers Act;

1.3 Agree any next steps required;

1.4 Note that any changes to the Constitution and associated requirements will need to be referred to Full Council for final consideration.

2. EXECUTIVE SUMMARY

2.1 The Council has determined that the General Purposes and Audit Committee shall be responsible for receiving and considering reports on matters relating to non-executive functions not reserved to Council or another committee and to exercise the functions of the council audit committee in relation to the risk management framework the associated control environment and the Council's financial and non-financial performance.

2.2 It is good practice for the committee at its first meeting following Annual Council to consider and, where necessary, review its terms of reference, membership, frequency, dates and timing of its future meetings.

2.3 Ensuring the Committee's terms of reference are accurate and effectively supports the work of the Committee.

2.4 Members are therefore asked to consider these matters and agree any next steps required.

3. DETAIL

Annual establishment, terms of reference and dates of meetings.

3.1 At the Annual Council meeting on Tuesday 4 May the Council approved the proportionality and establishment of Committees and Panels of the authority including the General Purposes and Audit Committee and appointment of Members thereto.

3.2 It is good practice that, following the Annual Council meeting, the committees that have been established note their Membership, Terms of Reference (Terms of Reference), and the dates of meetings for the duration of the municipal year. The Membership is set out in Appendix 1 of this report. The Terms of Reference are set out in Appendix 2.

3.3 The Constitution requires for General Purposes and Audit Committee to meet 4 times per municipal year. Following the publication of the Report in the Public Interest in October 2020 the Committee has arranged to meet 9 times per municipal year as set out in Appendix 3. Meetings start at 6.30pm.

Membership.

3.4 Full Council has agreed that the committee shall be appointed in accordance with the requirements of political proportionality and that the General Purposes and

Audit Committee shall be composed of 10 Members including 2 independent non-voting Co-opted Members who may not be Members or officers of the Council and who are involved only in relation to Audit Functions.

- 3.5 Full Council at its meeting on 4 May 2021 also agreed the appointment of Councillor Karen Jewitt as Chair and Councillor Stephen Mann as Vice-Chair of the Committee for the municipal year.
- 3.6 At the Annual Council meeting on 4 May 2021, Members resolved to commence a process to recruit an independent Chair for the General Purposes and Audit Committee. As part of this process, it is proposed that the existing role of the independent Co-opted Members on the committee will be removed at such time as an Independent Chair is appointed. This process is ongoing and the Committee will be kept updated on progress.

Terms of Reference.

- 3.7 In considering the Terms of Reference, Members should be aware that the Chartered Institute of Public Finance and Accountancy (CIPFA) published a Position Statement on Audit Committees in 2018 that sets out the key principles recommended for audit committees operating in local government. These principles include being independent of both the Executive and Scrutiny functions and supporting good governance and strong public financial management. The CIPFA position statement can be found here [CIPFA Position Statement on Audit Committees in Local Authorities and Police 2018](#). Members should be cognisant of these principles when considering the terms of reference for the Committee.
- 3.8 At its meeting on the 26 May 2021, the Ethics Committee noted that matters such as the review of the Council's Whistleblowing Policy and Policy under the Regulation of Investigatory Powers Act together with arrangements thereunder, whilst not specifically referred to in its Terms of Reference had traditionally been reported into the Ethics Committee. That Committee agreed proposals recommended by the interim Executive Director of Resources and Deputy Monitoring Officer (Interim) that going forward such matters be reported to the General Purposes and Audit Committee on the basis that this function is more suited to the auditing role of that committee and that Council be recommended to update the Terms of Reference for General Purposes and Audit Committee to reflect this.
- 3.9 The reason for this proposal is that when concerns are raised of suspected wrongdoing in the workplace by employees, contractors, suppliers or those outside of the normal management channels, internal audit has a vital role in responding to those matters in a confidential manner and would, it is suggested, be best placed to address any concerns on behalf of the Council through the role of the General Purposes and Audit Committee.

Dates and frequency of meetings.

- 3.10 Members will note from Appendix 3 that the calendar of meetings proposes that the committee meet 9 times throughout the municipal year. Members will also

note that there is a separate item relating to the committee Work Programme elsewhere on this agenda.

4. NEXT STEPS

- 4.1 Members should now consider and, if necessary, review its membership, terms of reference and meeting calendar schedule from previous.

5. CONSULTATION

- 5.1 The proportional balance of the Council was reviewed by all members at full council on 4 May and committees and their membership duly appointed. The underlining purpose of this report is to consult the Committee's membership on the issues detailed above.

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 Implementation of the recommendations contained in this report shall be contained within existing budgets.

Approved by: Geetha Blood interim Head of Finance on behalf of the Director of Finance Investment and Risk.

7. LEGAL CONSIDERATIONS

- 7.1 The Head of Litigation and Corporate Law comments on behalf of the interim Director of Law and Governance that whilst the current Leader and Cabinet model of governance adopted by the Council under the Local Government Act 2000 contains a requirement for an Executive and one or more Scrutiny committees there is no legislative requirement for an audit committee. Nevertheless the Council is required under the Accounts and Audit Regulations "to ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions". Further, section 151 of the Local Government Act 1972 requires the Council to "make arrangements for the proper administration of its financial affairs". The Chief Finance Officer (CFO) is key to discharging these requirements and an effective audit committee provides support and challenge to the CFO, as well as adequate and effective internal audit.
- 7.2 The Committee has been established under the provisions of section 102 of the Local Government Act 1972 and is a non-executive committee. The political make-up of the committee reflects the proportionality on the Council, in line with the Local Government and Housing Act 1989. The appointment of non-voting independent co-opted members of the committee reflects the powers in section 102 of the Local Government Act. Such co-opted members are also subject to the Scheme of Co-option set out in the Council's Constitution at Part 6 D.
- 7.3 The CIPFA Position Statement on Audit Committees sets out key principles recommended for audit committees operating in local government including

being independent of both the Executive and Scrutiny functions and supporting good governance and strong public financial management. *CIPFA Position Statement on Audit Committees in Local Authorities and Police 2018*.

The Position Statement is accompanied by CIPFA guidance for local authorities to support the establishment, operation and effectiveness of audit committees covering recommended core functions, possible wider functions, model terms of reference, membership and effectiveness of the committee including professional standards. *Audit Committees, Practical Guidance for Local Authorities and Police 2018*.

- 7.4 The Committee's current membership and composition is as set out in Article 8 of the Council's Constitution. Its terms of reference are set out in Part 3 of the Constitution - Responsibility for Functions. Any changes proposed to the terms of reference for the committee or its membership will require a change to the Constitution and will need to be referred to full Council for approval.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of the Interim Director Law and Governance.

8. HUMAN RESOURCES IMPLICATIONS.

There are no HR implications arising from this report for Croydon Council employees or staff. If any should arise these will be managed under the Council's policies and procedures.

9. EQUALITIES IMPACT

- 9.1 The Equality Act 2011(section 149) places a public sector equality duty (section 146) on the Council. The duty requires the Council to have due regard to *the need to advance equality of opportunity* between persons who share a relevant protected characteristic and persons who do not share it.
- 9.2 Having "due regard" to the need to advance equality of opportunity involves having due regard, in particular, to the need to *encourage persons* who share a relevant protected characteristic *to participate in public life* or in any other activity in which participation by such persons is disproportionately low.
- 9.3 When drawing up the schedule of dates, consideration was given to avoiding school holiday dates and known dates of religious holidays and other key/important dates around culture, diversity and inclusion where at all possible.

Approved by: Yvonne Okiyo, Equalities Manager.

10 DATA PROTECTION IMPLICATIONS.

There are no data protection implications arising from the proposal.

CONTACT OFFICERS: Michelle Ossei-Gerning, Democratic Services Officer (ext. 84246)

APPENDICES TO THIS REPORT

Appendix 1 – Membership of the Committee

Appendix 2 – Terms of Reference of the Committee

Appendix 3 – Dates of future meetings

BACKGROUND DOCUMENTS: None

Appendix 1
General Purposes and Audit Committee

Membership of the Committee

Councillors (including Chair and Vice Chair):

Majority Group Members 6	Minority Group Members 4
Karen Jewitt (Chair)	Stuart Millson
Stephen Mann (Vice Chair)	Tim Pollard
Nina Degradis	Jan Buttinger
Paul Scott	Steve Hollands
Chris Clark	
Joy Prince	

Substitute Members:

Majority Group	Minority Group
Pat Clouder	Jason Cummings
<i>Bernadette Khan</i>	Badsha Quadir
<i>Sean Fitzsimons</i>	Ian Parker
<i>Clive Fraser</i>	Simon Hoar
<i>Andrew Pelling</i>	
<i>Vacancy</i>	

Independent Co-opted Members (Non-Voting):

<i>Vacancy</i>	No plans to recruit vacancy
<i>Vacancy</i>	No plans to recruit vacancy

Appendix 2
General Purpose and Audit Committee

Terms of Reference of the Committee

Constitution

PART 3 Responsibility for Functions

- 2.3 General Purposes and Audit Committee
(Membership 10 including 2 independent non-voting co-opted Members who may not be Members or officers of the Council and who are involved only in relation to Audit Functions)

General Purposes Functions:

1. Periodic review of the Scheme of Members' Allowances and approval of arrangements in respect of the scheme to reimburse costs incurred for childcare/dependent relative care, travel and subsistence whilst a Member is on Council business.
2. Appointments to outside bodies, subsequent to the Annual Council Meeting. [Note: The Council Solicitor, after consultation with the Chair of the General Purposes and Audit Committee or (in respect of Executive appointments) the relevant Cabinet Member, may also make appointments to outside bodies as necessary during the year.]
3. Any matter not reserved to the Council or delegated to another Committee and related to a non-executive function.
4. Any matter reserved to the Council and a non-executive function, or a matter reserved to a non-executive committee or sub-committee of the Council which requires, in the Committee's view or on the recommendation of the Cabinet, the Chief Executive or an Executive Director, action as a matter of urgency.
5. Any protocol concerning the exercise of relevant delegated powers of the Committee.

Audit Functions:

1. In exercising its audit functions the Committee's purpose is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent it affects the Council's exposure to risk and weakens the control environment, and to oversee financial reporting.
2. To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anticorruption arrangements.

3. To seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
4. To be satisfied that the Council's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
5. To review (but not direct) internal audit's strategy, plan and monitor performance and make recommendations as appropriate to Cabinet and/or Full Council.
6. To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
7. To receive the annual report of the Head of Internal Audit and make recommendations as appropriate to Cabinet and/or Full Council.
8. To consider the reports of external audit and inspection agencies and make recommendations as appropriate to Cabinet and/or Full Council.
9. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
10. To review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
11. To make an annual report to the full Council.

Appendix 3
General Purpose and Audit Committee

Dates of future meetings
Municipal year 2021/2022

Dates of meetings

10	June	2021
8	July	2021
16	September	2021
14	October	2021
25	November	2021
13	January	2022
3	February	2022
3	March	2022
21	April	2022