

Subject:	Developing the Audit & Standards Committee – progress report		
Date of Meeting:	15 November 2016		
Report of:	Executive Director, Finance & Resources		
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report summarises the progress on implementing the development plan for the Audit & Standards Committee. This outline plan was developed by members with support from the Head of Internal Audit and Ian Young of EY and approved by Committee on 21 June 2016. Since then the plan has been further developed by members working with the Head of Internal Audit

2. RECOMMENDATIONS:

- 2.1 That the Committee notes the action taken to date and agrees the proposed actions set out in paragraph 4.2.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Audit functions of the Committee relate to the Council's arrangements for the discharge of its powers and duties in connection with financial governance and stewardship, risk management and audit. The Committee makes recommendations to the Council, Policy & Resources Committee, Officers or other relevant body within the Council.
- 3.2 The Standards functions of the Committee seek to ensure that the Members, Co-opted Members and Officers of the Council observe high ethical standards in performing their duties. These functions include advising the Council on its Codes of Conduct and administering related complaints and dispensation procedures.
- 3.3 In addition to the Councillors who serve on the Committee, the Committee includes at least two independent persons who are not Councillors. They are appointed under Chapter 7 of the Localism Act, or otherwise co-opted, and act in an advisory capacity with no voting powers.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The Committee meets many of the key characteristics of good practice and added value set out by CIPFA. In particular members consider that the committee:

- supports risk management and internal audit
- helps the council to implement values
- promotes good governance.

4.2 Members also identified three key areas for development and a range of proposed actions. These are set out in table 1.

Table 1 – key areas for development and proposed actions

Key area for development	Agreed actions	Progress to date	Next steps
<p>1 The Audit & Standards Committee has the potential to play a more active role in contributing to a more effective control environment that is trusted by citizens and stakeholders.</p>	<p>1.1 Review terms of reference of the Audit & Standards Committee to ensure that it is clear how its role is distinct from other committees and consider:</p> <ul style="list-style-type: none"> • how other committees (and statutory officers) can refer issues to the Audit & Standards Committee • the role the committee can play in building trust in the council's governance arrangements 	<p>Proposed changes have been considered by a member working group (appendix 1).</p>	<p>Proposed changes to be taken to the Constitutional Working Group with amendments to be submitted to Full Council in May 2017.</p>
	<p>1.2 Develop an internal and external communications strategy to promote the work of the Committee.</p>	<p>Internal and external publicity planned following approval of any changes to the terms of reference to the Committee</p>	<p>Planned internal and external publicity to be delivered.</p>

2 Members would be better placed to discharge their responsibilities if they were supported by more structured information on assurance sources and co-ordinated training.	2.1 Develop and share an assurance framework with the Committee to set out how the council ensures that it delivers its corporate strategy and manages its risks.	Assurance framework currently being developed. Early draft discussed at workshop with Chair of Audit & Standards Committee and Independent Person.	Completed framework to be reported to January Audit & Standards Committee.
	2.2 Ensure members have access to relevant public reports and good practice guides.	Reports and guides shared on an ad hoc basis.	Establish an online library for members.
	2.3 Develop a coordinated training programme to support key activities for the Committee.	Outline training plan proposed which links to the proposed forward plan (appendix 1).	Deliver training as set out in appendix 2.
3 The effectiveness of the Committee could be improved through a more flexible agenda that focusses on the issues that are most important for the council and considering these issues in more depth. . .	3.1 Review Committee dates to ensure that they take place at the most appropriate time, taking account of statutory requirements and dates of other key meetings.	Dates for 2017/18 Committee meetings proposed as part of forward plan (appendix 1)	Dates to be published when finalised.
	3.2 Review and update the forward plan following each Committee meeting to ensure that it: <ul style="list-style-type: none"> • is sufficiently flexible to deal with new and emerging issues • concentrates on reviewing a fewer number of 	Forward plan developed set out in appendix 1. This includes moving to four committee meetings for 2017/18 with one committee meeting replaced by a deep dive to consider reports that feed into the	Continue to update the forward plan following each Audit & Standards Committee

	issues in more detail.	annual governance statement.	
	<p>3.3 Build on the success of private meetings with auditors to explore:</p> <ul style="list-style-type: none"> • further development of the committee • sharing detailed audit reports and other information between committee meetings • examine specific issues in detail to inform a future committee meetings 	<p>Meetings well attended by members, independent persons and auditors.</p> <p>Financial and operational risks associated with adult social care were considered by members and in preparation for the review of strategic risks at the September Audit & Standards Committee.</p> <p>Possible further detailed reviews set out as part of appendix 1.</p>	<p>Continue to hold private meetings between members, independent persons and auditors.</p> <p>Agree programme of further reviews.</p>
	<p>3.4 Provide regular monitoring reports to ensure that actions arising from Committee discussions are implemented.</p>	<p>Twice yearly updates planned:</p> <ul style="list-style-type: none"> - Mid-year - As part of Annual Effectiveness Review 	<p>Deliver planned updates.</p>

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 This review has been carried out by the Committee with support from the Head of Internal Audit and the council's external auditors, EY.

6. CONCLUSION

- 6.1 The Committee has many of the characteristics of a good practice audit committee and is making good progress in implementing its development plan.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no direct financial implications arising from this report. Support for the areas of development and key actions set out in paragraph 4.2 will be met from within existing council resources. Any material changes to secretariat functions ought however to be considered by the Committee if there are financial implications.

Finance Officer Consulted: Jeff Coates

Date: 31/10/2016

Legal Implications:

- 7.2 The recommendations in the report will assist the Council to meet its responsibilities in relation to governance and audit.

Lawyer Consulted: Elizabeth Culbert

Date:23.10.16

SUPPORTING DOCUMENTATION

Appendices:

1. Forward plan, suggested training and detailed reviews.

Documents in Members' Rooms

1. None

Background Documents

1. None

