

Wiltshire Council

Full Council

17 May 2022

Proposed Changes to the Constitution - Part 3B - Audit and Governance Committee

Summary

This report sets out proposed changes to Part 3B of the Constitution, following consideration and recommendation by the Standards Committee and Audit and Governance Committee on appointing co-opted non-voting members to the Audit and Governance Committee.

Proposals

- 1) To approve the revisions to Part 3B of the Constitution as set out in Appendix B.**

- 2) To delegate the appointment of up to 2 non-voting co-opted members to the Audit and Governance Committee and the arrangements for the selection of such members to the Monitoring Officer in consultation with the Chairman of the Audit and Governance Committee.**

Reason for Proposals

To ensure the council's constitution is up to date, clear and effective.

Perry Holmes – Director Legal and Governance (and Monitoring Officer)

Proposed Changes to the Constitution - Part 3B - Audit and Governance Committee

Purpose of Report

1. This report asks Full Council to consider the recommendation of the Standards Committee in relation to Paragraphs 2.8 of Part 3B of the Constitution - Responsibility for Functions - in relation to terms of Reference of the Audit and Governance Committee
2. This report also requests Full Council to delegate the appoint of independent co-opted members to the Audit and Governance Committee.

Background

3. The Standards Committee has responsibility for oversight of the Council's constitution. It has established a cross party working group, known as the Constitution Focus Group, to advise and assist in carrying out this function.
4. The Focus Group met on 29 March 2022 to review proposed changes relating to the Audit and Governance Committee and other matters. The Standards Committee met on 20 April 2022. The relevant extract from the minutes from the meetings are attached at **Appendix A**.
5. The Independent Remuneration Panel has been appointed by Full Council to consider and make recommendations on any changes to the Members' Allowances Scheme.

Main Considerations

6. At its meeting on 1 March 2022, the Audit and Governance Committee following a review of its arrangements resolved to recommend to Council that its terms of reference be amended to permit appointment of an independent co-opted member. Any independent members would be non-voting.
7. The Audit and Governance Committee included revised wording to the terms of reference as set out at Paragraph 2.8 of Part 3B of the Constitution to enable the appointment of up to 2 independent co-opted members, although it would intend to appoint a single member at this time.
8. The Focus Group supported the proposed wording in relation to the membership change. It also made a number of minor clarifications not considered by the Audit and Governance Committee to ensure the terms of reference were up to date and clear.

9. The Standards Committee accepted the proposal from the Focus Group and resolved to recommend Full Council adopt the proposed changes, as set out at **Appendix B**.
10. The Independent Remuneration Panel was also asked to convene to recommend to Full Council whether any co-opted member of Audit and Governance Committee should receive an allowance. Some but not all current co-opted members on different committees receive an allowance under Part 13 of the Constitution, Members' Allowances Scheme. The Panel is currently considering the issue and will make a recommendation to Full Council as soon as practicable.
11. The Audit and Governance Committee also requested that Full Council delegate the appointment of the independent co-opted members to the Audit and Governance Committee and the arrangements for the selection of such members to the Monitoring Officer in consultation with the Chairman of the Audit and Governance Committee, as has been the case on other committees, such as Standards Committee. This would include convening a selection panel involving a lead Audit and Governance Officer and 3 Members of the Committee (2 Conservatives and 1 Liberal Democrat, 1 of which would be the Chairman of the Committee).

Safeguarding Implications

12. There are no safeguarding issues arising from this report.

Equalities Impact of the Proposal

13. There are no equalities impacts arising from this report.

Risk Assessment

14. There are no risk issues arising from this report.

Financial Implications

15. If, when the recommendation from the Independent Remuneration Panel comes to Full Council it was accepted, there could be a potential cost to pay the allowance, plus any travelling and other expenses.

Legal Implications

16. The recommendations in this report are consistent with the council's duties under relevant legislation and the constitution.

Public Health Impact of the Proposals

17. There are no public health impacts arising from this report.

Environmental Impact of the Proposals

18. There are no environmental impacts arising from this report.

Workplace Impact

19. There are no workplace impacts arising from this report.

Proposal

20. **To approve the revisions to Part 3B of the Constitution as set out in Appendix B.**
21. **To delegate the appointment of up to 2 non-voting co-opted members to the Audit and Governance Committee and the arrangements for the selection of such members to the Monitoring Officer in consultation with the Chairman of the Audit and Governance Committee.**

Perry Holmes, Director Legal and Governance (and Monitoring Officer)

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29 April 2022

Appendices

Appendix A – Extract notes from the Constitution Focus Group on 29 March 2022, and Extract Minutes from the Standards Committee 20 April 2022

Appendix B – Revised Part 3B, Section 2.8

Background Papers

[Part 3 of the Constitution](#)

[Meeting of the Audit and Governance Committee 1 March 2022](#)

Appendix A1

Extract of the notes of the Constitution Focus Group on 29 March 2022

4 **Part 3B: Co-opted Member - Audit and Governance Committee**

The Focus Group considered proposed changes to the terms of reference of the Audit and Governance Committee as recommended at that Committee's meeting on 1 March 2022. The changes were to enable the appointment of up to 2 co-opted independent members.

The Focus Group agreed with the wording of the proposed changes, and also proposed additional changes to improve clarity in respect of the membership in a non-voting capacity of the Leader of the Council and one Cabinet Member.

Additional changes were suggested in respect of approval of the Annual Governance Statement and reference to defunct officer posts.

After discussion, it was,

Resolved:

To propose the Standards Committee recommend changes to Part 3B of the Constitution as attached to these notes.

Appendix A2

Extract of the Minutes of the Standards Committee on 20 April 2022

35 Constitutional Changes

The Committee considered the recommendations of the Constitution Focus Group in relation to Terms of Reference of the Audit and Governance Committee, set out in paragraph 2.8 of Part 3B of the Constitution.

After a brief discussion, on the motion of Councillor Dean, seconded by Councillor Hopkinson, it was,

Resolved:

The Standards Committee recommend Council approve the revisions to Part 3B of the Constitutions as set out in Appendix A.

Appendix B1

Extract from Part 3B of the Constitution - Responsibility for Functions – Tracked Changes

Composition

2.8.1 The size of the Audit and Governance Committee and appointments to it will be determined by Council. Appointments will be made having regard to rules on political proportionality.

2.8.2 The Audit and Governance Committee will exclude Members of the Cabinet. ~~The exception is that up to two of the Leader of the Council ~~or~~ and the Cabinet Members with responsible responsibility for finance and governance is-will be appointed as a ~~non~~ Non-voting Members of the Committee. As non-voting members they would not count toward the rules on political proportionality.~~

2.8.3 Substitute Members will be permitted in accordance with Part 4 of this Constitution.

2.8.4 In addition to the Elected Members on the Committee, the Committee can appoint up to 2 Independent Co-opted Members, who will be Non-Voting Members of the Committee. The Non-Voting Co-opted Independent Member(s) should have experience of audit and financial management, preferably with knowledge of local authorities.

2.8.5 Independent Co-opted Members will be appointed by a recruitment and selection process involving members of the Committee.

2.8.6 The term of office for Independent Co-opted Members will normally be 4 years.

2.8.7 Independent Co-opted Members will be eligible for re-appointment for a second term.

2.8.8 Independent Co-opted Members do not count towards the Quorum of the committee.

Role and Function

2.8.9 The Audit and Governance Committee will be responsible for:

2.8.10 External Audit Activity:

- To receive and comment on the external audit plan;
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance;
- To comment on the scope and depth of external audit work and to ensure it gives value for money;
- To monitor the implementation of management actions arising from external audit work.

2.8.11 Internal Audit Activity:

- To approve the terms of reference and strategy for internal audit, and the annual internal audit plan and subsequent changes thereto;
- To monitor and review the effectiveness of internal audit to ensure compliance with statutory requirements;
- To consider the ~~Head of Internal Audit's~~ annual report, ~~and~~ opinion, and summary on internal audit activity and the level of assurance it provides on the Council's corporate governance arrangements;
- To consider specific internal audit reports as requested, and monitor the implementation of agreed management actions.

2.8.12 Regulatory Framework:

- To monitor and review the effective development and operation of corporate governance, risk and performance management and internal control, and to receive progress reports as required;
- To oversee the process for production of the annual governance statement (AGS), to review the supporting evidence including the arrangements for governance of partnership working, and to approve the ~~draft~~ AGS;
- To monitor the development and implementation of the Council's anti-fraud and corruption policy and strategy.

2.8.13 Financial Management and Accounts:

- To ensure the Council's arrangements for financial management are adequate and effective, and, together with its accounting policies, are regularly reviewed;
- To review and approve the annual statement of accounts;

To consider the external auditor's report to those charged with governance on issues arising from the audit of the account

Appendix B2

Extract from Part 3B of the Constitution - Responsibility for Functions – Final Version

Composition

2.8.1 The size of the Audit and Governance Committee and appointments to it will be determined by Council. Appointments will be made having regard to rules on political proportionality.

2.8.2 The Audit and Governance Committee will exclude Members of the Cabinet. The exception is that up to two of the Leader of the Council and the Cabinet Members with responsibility for finance and governance will be appointed as non-voting Members of the Committee. As non-voting members they would not count toward the rules on political proportionality

2.8.3 Substitute Members will be permitted in accordance with Part 4 of this Constitution.

2.8.4 In addition to the Elected Members on the Committee, the Committee can appoint up to 2 Independent Co-opted Members, who will be Non-Voting Members of the Committee. The Non-Voting Co-opted Independent Member(s) should have experience of audit and financial management, preferably with knowledge of local authorities.

2.8.5 Independent Co-opted Members will be appointed by a recruitment and selection process involving members of the Committee.

2.8.6 The term of office for Independent Co-opted Members will normally be 4 years.

2.8.7 Independent Co-opted Members will be eligible for re-appointment for a second term.

2.8.8 Independent Co-opted Members do not count towards the Quorum of the committee.

Role and Function

2.8.9 The Audit and Governance Committee will be responsible for:

2.8.10 External Audit Activity:

- To receive and comment on the external audit plan;
- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance;
- To comment on the scope and depth of external audit work and to ensure it gives value for money;
- To monitor the implementation of management actions arising from external audit work.

2.8.11 Internal Audit Activity:

- To approve the terms of reference and strategy for internal audit, and the annual internal audit plan and subsequent changes thereto;
- To monitor and review the effectiveness of internal audit to ensure compliance with statutory requirements;
- To consider the annual report, opinion, and summary on internal audit activity and the level of assurance it provides on the Council's corporate governance arrangements;
- To consider specific internal audit reports as requested, and monitor the implementation of agreed management actions.

2.8.12 Regulatory Framework:

- To monitor and review the effective development and operation of corporate governance, risk and performance management and internal control, and to receive progress reports as required;
- To oversee the process for production of the annual governance statement (AGS), to review the supporting evidence including the arrangements for governance of partnership working, and to approve the AGS;
- To monitor the development and implementation of the Council's anti-fraud and corruption policy and strategy.

2.8.13 Financial Management and Accounts:

- To ensure the Council's arrangements for financial management are adequate and effective, and, together with its accounting policies, are regularly reviewed;
- To review and approve the annual statement of accounts;

To consider the external auditor's report to those charged with governance on issues arising from the audit of the account.