

## **AMENDMENTS TO CONSTITUTION – RESPONSIBILITY FOR STANDARDS AND AUDIT COMMITTEE**

### **Executive Summary**

The responsibility for Standards and Audit Committee is set out in Part 3, Section 1, Clause 8 of the Constitution. Following input from the Local Government Association and Centre for Governance and Scrutiny, there is a proposal to align with best practice by enabling the appointment of either one or two Independent Co-opted Members to the Committee, in addition to the five Councillors appointed at the start of each Municipal Year.

A proposed amended version of clause 8 of Section 1, Part 3 of the Constitution is attached as Appendix 1, reflecting the proposals set out in the report. If approved, amendment would also be required to Article 10 (Standards and Audit Committee) of Section 1, Part 2 (Articles of the Constitution), which is attached as Appendix 2.

The proposal was considered at the meeting of the Corporate Governance Working Group held on 20 February 2024. An extract from the minutes of the meeting is set out below, with the recommendations from the Working Group beneath:

#### **“6. Responsibility for Standards and Audit Committee**

The Group received a draft report to the Standards and Audit Committee which referred to the section in the Constitution on responsibility of the Committee. Following input from the Local Government Association and Centre for Governance and Scrutiny, it was proposed to amend the number of Independent Co-opted Members appointed to the Committee from one to one or two, which also aligned with best practice.

Councillor Greentree stated that he felt the Constitution was not aligned with CIPFA guidance in areas such as Assessment of Risk, Internal Audit and Arrangements to Secure Value for Money. Gareth stated that the responsibilities of the Standards and Audit Committee were defined, broadly, across three sections of the Constitution, of which the Articles were one. It was agreed to discuss the matter further outside the meeting.

The Chairman added that it was important to avoid duplication, for example the recent public speaking at Planning Committee being received by a number of committees prior to Full Council. It was stated that it would be helpful to be aware of the sections of the Constitution that were statutory and that the Local Government Association should be lobbied to provide an off the shelf version of a local authority constitution that could be adapted by individual councils. The recommendation to the Standards and Audit Committee would be amended accordingly.

An amended clause under Section 1 of Part 3 and an amended Article 10 – Standards and Audit Committee under Section 1 of Part 2 were attached to the report. The Group recommended the proposal, as amended above, to the Standards and Audit Committee.”

### **Recommendations**

The Standards and Audit Committee is requested to:

## Amendments to Constitution – Responsibility for Standards and Audit Committee

### RECOMMEND TO COUNCIL That

- (i) the clause on Responsibility for Standards and Audit Committee (Appendix 1) under Section 1 of Part 3, and Article 10 – Standards and Audit Committee (Appendix 2) under Section 1 of Part 2, in the Council’s Constitution be amended as set out within the report;
- (ii) the authority delegated to the Monitoring Officer to make minor amendments to the Constitution be noted, including amendments to references within the document and section numbering;
- (iii) the Monitoring Officer be instructed to make the agreed changes to the Constitution; and
- (iv) the Local Government Association be lobbied to provide an off the shelf version of a local authority Constitution that could be adapted by individual councils.

The item(s) above will need to be dealt with by way of a recommendation to Council.

**Background Papers:** None.

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**“7.0 Responsibility for Standards and Audit Committee**

- 7.1 Membership comprises of five Councillors and **one or two** Independent co-opted Members.
- 7.2 Standards and Audit Committee is responsible for:
- (i) promoting and maintaining high standards of conduct by Councillors and co-opted members;
  - (ii) assisting Councillors and co-opted members to observe the Members’ Code of Conduct;
  - (iii) advising the Council on the adoption or revision of the Members’ Code of Conduct;
  - (iv) monitoring the operation of the Members’ Code of Conduct;
  - (v) advising, training or arranging to train Councillors and co-opted members on matters relating to the Members’ Code of Conduct;
  - (vi) determining allegations that there has been a breach of the Members’ Code of Conduct in accordance with arrangements adopted by Council;
  - (vii) act as the Council’s Audit Committee. In performing this task, the Standards and Audit Committee will:
    - approve the plans of Internal Audit and consider the External Audit plan;
    - receive the Annual Audit and Inspection letter from External Audit;
    - receive Internal Audit recommendations for improvements and assurance that action has been taken where necessary;
    - review summary Internal Audit reports (located on the intranet);
    - receive a half yearly and annual report from the Chief Internal Auditor on the work of Internal Audit;
    - receive appropriate matters of concern raised by either External or Internal Audit or other agencies; and
    - ensure that there are effective relationships between internal and external audit and promote the value of the audit process;
  - (viii) overseeing the Council’s Risk Management, Anti-Fraud and Whistleblowing strategies, and Health and Safety policies and strategies;
  - (ix) receive the Annual Governance Statement, and
  - (x) oversight of payments in cases of maladministration which are neither disputed nor significant (which are dealt with by the Monitoring Officer).”

**“Article 10 – The Standards and Audit Committee**

**1.0 Standards and Audit Committee**

1.1. The Council meeting shall establish a Standards and Audit Committee composition.

**2.0 Composition**

**Membership**

2.1. The Standards and Audit Committee will comprise:

(i) 5 Councillors; and

(ii) 1 or 2 Independent Members.

**Independent Members**

2.2. The Independent Members shall be appointed by the Council for an initial term of office of four years with serving independent members being eligible for re-appointment one further time.

2.3. At the end of the term of office, the Council will invite applications from the general public via its website for appointment as co-opted independent members of the Standards and Audit Committee.

2.4. To be eligible for appointment, candidates must not be engaged in party political activity, or have been at any time in the preceding five years, a Councillor or Officer of Woking Borough Council or be a relative or close friend of a Councillor or Officer of the Council.

2.5. Ideally candidates will have significant experience of working at a senior level in a large, complex organisation and have a very good understanding of strategic or financial management or have sat previously on an Audit Committee.

2.6. The Monitoring Officer shall short-list candidates and invite them for interview by a panel comprising two members of the Standards and Audit Committee, the Monitoring Officer and Chief Finance Officer. The recommendations of the panel, as to appointment of co-opted independent members, shall be referred to Full Council for approval.

**Chairing the Committee**

2.7. The office of Chair shall be filled by a co-opted (independent) member. In the absence of the Chair, a meeting of the Committee shall be chaired by the Vice-Chair.

**Votes**

2.8. Independent Members are not entitled to vote at meetings.

2.9. In the case of an equality of votes, the Vice-Chair may exercise a second or casting vote.

## Amendments to Constitution – Responsibility for Standards and Audit Committee

### 3.0 Role and Function

- 3.1. The Committee has a dual purpose both as an Audit Committee and a Standards Committee.
- 3.2. The Committee is a key component of the Councils Corporate Governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 3.3. The purpose of the Committee is to provide independent assurance to Councillors of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Councils Governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.
- 3.4. The Committee oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. With regard to standards, the Committee promotes high standards of conduct by Councillors and co-opted members and oversees the arrangements for dealing with allegations of misconduct.
- 3.5. The Standards and Audit Committee will have the following roles and functions:
  - (i) promoting and maintaining high standards of conduct by Councillors and co-opted members in accordance with Sections 26-37 of the Localism Act 2011;
  - (ii) assisting Councillors and co-opted members to observe the Members' Code of Conduct;
  - (iii) advising the Council on the adoption or revision of the Members' Code of Conduct;
  - (iv) monitoring the operation of the Members' Code of Conduct;
  - (v) advising, training or arranging to train Councillors and co-opted members on matters relating to the Members' Code of Conduct;
  - (vi) determining allegations that there has been a breach of the Members' Code of Conduct in accordance with arrangements adopted by Council;
  - (vii) acting as the Council's Audit Committee. In performing this task, the Standards and Audit Committee shall:
    - approve the plans of Internal Audit and consider the External Audit plan;
    - receive the Annual Audit and Inspection letter from External Audit;
    - receive Internal Audit recommendations for improvements and assurance that action has been taken where necessary;
    - review summary Internal Audit reports (located on the intranet);
    - receive a half yearly and annual report from the Chief Internal Auditor on the work of Internal Audit;
    - receive appropriate matters of concern raised by either External or Internal Audit or other agencies; and

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- ensure that there are effective relationships between Internal and External Audit and promote the value of the audit process.
- (viii) overseeing the Council's Risk Management, Anti-Fraud and Whistleblowing strategies, and Health and Safety policies and practices;
- (ix) receiving the Annual Governance Statement;
- (x) oversight of payments in cases of maladministration which are neither disputed nor significant (which are dealt with by the Monitoring Officer)."