

---

## **SUBSTITUTE MEMBERS OF THE GOVERNANCE AND AUDIT COMMITTEE**

To: **Constitutional Review Working Party – 21 August 2013**

By: **Democratic Services Manager and Business Support and Compliance Manager**

Classification: **Unrestricted**

---

**Summary:** **To consider whether to have named substitutes for the Governance and Audit Committee.**

### **For Decision**

---

#### **1.0 Introduction and Background**

- 1.1 At the Annual Meeting of Council on 16 May 2013 the Governance and Audit annual report was approved. An action plan was included as part of the annual report, in which it was recommended that a list of named substitutes was created for the Governance and Audit Committee in order to increase the robustness of the committee.
- 1.2 The Constitutional Review Working Party is the correct forum for the issue of named substitutes for the Governance and Audit Committee to be discussed and they may wish to make a recommendation on the issue to the Standards Committee.

#### **2.0 The Current Situation**

- 2.1 The Accounts and Audit (England) Regulations 2011 requires the council to prepare an Annual Governance Statement (AGS) on an annual basis, which accompanies the Statement of Accounts. The AGS should reflect the corporate governance environment of the council as detailed in the adopted Local Code of Corporate Governance. In essence, the AGS is the formal statement that recognises, records and publishes the council's governance arrangements.
- 2.2 The council has in place a process for developing the AGS, which seeks assurance from a number of areas, one of these being the Governance and Audit Committee. The Committee therefore goes through an annual self assessment process to establish how it has achieved against its terms of reference and identify any areas where improvements can be made.
- 2.3 The terms of reference for the Governance and Audit Committee are comprehensive and include approving the Council's Statement of Accounts, the Annual Governance Statement, the Internal Audit Strategy and Plan, considering compliance with a the Treasury Management Strategy to name a few. A full copy of the terms of reference is attached at Annex 1 to this report.
- 2.4 A meeting was held with the Chairman, Councillor John Worrow; the Vice Chairman, Councillor Rosalind Binks; the Deputy Head of Audit Partnership, Simon Webb and the Business Support and Compliance Manager, Nikki Morris (the sub-group) to review the Committee's terms of reference to specifically evidence how the Committee achieved against them and prepare the annual report which will go forward to Council.

- 2.5 Whilst undertaking the self assessment, the sub-group were asked if substitutes were adequately trained to ensure that the Committee can reasonably achieve against its Terms of Reference. The sub group considered this and felt that this was an area where improvements could be made if a pool of substitutes were in place, to ensure the same training was provided as that to Committee Members ensuring they are capable of achieving their remit, most specifically around approving the Statement of Accounts.
- 2.6 The Committee currently receives training prior to each meeting on items that will be covered within the agenda. An induction process has also been put in place which takes place prior to the commencement of the committee cycle for all members, as a reminder for those that have served on the Committee before and as an introduction for those that haven't, and there is specific training provided on the Statement of Accounts and Treasury Management.

### **3.0 How could it work?**

- 3.1 If the Constitutional Review Working Party were agreeable to the idea of named substitute members for the Governance and Audit Committee then the most appropriate way of achieving this would be for them to be included in the Constitution of Committees, Political Balance and Appointments to Committees, Panels and Boards report that is considered at each Annual Council meeting.
- 3.2 The Constitution of Committees, Political Balance, Appointments to Committees, Panels and Boards report describes the political proportionality of the whole Council and agrees the political balance of each Committee.
- 3.3 Within the Committees, Political Balance, Appointments to Committees, Panels and Boards report there is a table showing the number of substitute members that need to be appointed. By way of example, although the number of substitutes for the Planning Committee is based on the proportionality for the Planning Committee, the substitute members do not contribute to the sums calculating the overall political balance of the Council. If the Constitutional Review Working Party is agreeable then it is proposed that the same procedures would be applied to Governance and Audit Committee substitutes.
- 3.4 If the principles of political balance were applied to Governance and Audit Committee substitutes then currently as of the time of writing this report there would need to be the following number of additional Councillors named as substitutes:

Labour:	4
Conservative:	4
Independent Group:	0
Thanet Independent Group:	1
UKIP:	0

- 3.5 If the Constitutional Review Working Party recommends the idea of named substitutes for the Governance and Audit Committee, but does not recommend applying the principles of political balance to them then it would need to suggest an alternative means of populating the number of substitutes.

### **4.0 Amendments to the constitution**

- 4.1 If the Constitutional Review Working Party were minded to recommend that there should be named substitutes for the Governance and Audit Committee then an amendment to the Council's constitution would need to be made. The most efficient

way of making the amendment would be to insert the following table in to the Governance and Audit Committee's terms of reference within the Constitution:

Number of Members	Nine Members
Substitute Members Permitted	Yes –only from the list approved by Council, which matches the proportionality of the Committee itself.
Political Balance Rules Apply	Yes
Appointments/removals from Office	By resolution of Full Council
Restriction on Memberships	None – Membership decided upon by Full Council
Restrictions on Chairmanship/Vice-Chairmanship	None - Membership decided upon by Full Council
Number of ordinary meetings per year	4

- 4.2 Although the table above states a membership of nine, it should be borne in mind that any future changes in the composition of the Council may need to be reflected in the size of the Committee, by resolution of Council, in order to maintain political proportionality. If the table above were adopted, any change in the size of the Committee would be directly reflected in the size of the pool of substitute members.

## **5.0 Options**

- 5.1 The Constitutional Review Working Party could recommend to Standards Committee that there should be named substitutes for the Governance and Audit Committee and they would be appointed in the way described within the report at paragraphs 3.1 to 3.4 and for the table at paragraph 4.1 of the report to be included within the terms of reference for Governance and Audit Committee within the Council's Constitution.
- 5.2 The Constitutional Review Working Party could recommend to Standards Committee that there should be named substitutes for the Governance and Audit Committee and they would be appointed in a different way than that described within the report, in which case this would need to be explained and for the table at paragraph 4.1 of the report to be included within the terms of reference for Governance and Audit Committee within the Council's Constitution.
- 5.3 The Constitutional Review Working Party could recommend to Standards Committee not to appoint named Substitutes to the Governance and Audit Committee.

## **6.0 Corporate Implications**

### **6.1 Financial and VAT**

- 6.1.1 There are no financial implications as a result of the report.

### **6.2 Legal**

- 6.2.1 Any changes to the Council's Constitution must be agreed by Full Council after being considered by both the Constitutional Review Working Party and the Standards Committee.

### 6.3 Corporate

- 6.3.1 Having named substitutes and ensuring that they are trained will help to increase the robustness and resilience of the decisions made by the Governance and Audit Committee.

### 6.4 Equity and Equalities

- 6.4.1 There are no equity or equalities issues as a result of this report.

### 7.0 Recommendation(s)

- 7.1 The instructions of the Constitutional Review Working Party are sought.

### 8.0 Decision Making Process

- 8.1 Any recommendation from the Constitutional Review Working Party would be considered by the Standards Committee, which may then make recommendations to Council.

Future Meeting if applicable:	Date:
Standards Committee	4 September 2013
Council	3 October 2013

Contact Officer:	Nick Hughes, Democratic Services Officer and Nikki Morris, Business Support & Compliance Manager
Reporting to:	Glenn Back, Democratic Services and Scrutiny Manager and Mark Seed, Director of Operational Services

### Annex List

Annex 1	Governance and Audit Committee Terms of Reference
---------	---

### Background Papers

Title	Details of where to access copy

### Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager and Deputy S.151 Officer
Legal	Harvey Patterson, Corporate and Regulatory Services Manager