



REPORT OF:	DIRECTOR OF HR, LEGAL & GOVERNANCE
	DIRECTOR OF FINANCE & CUSTOMER SERVICES
TO:	COUNCIL FORUM
ON:	4th June 2020

SUBJECT: CONSTITUTION UPDATE & REMOTE MEETINGS PROTOCOL AND PROCEDURE RULES

1. PURPOSE OF THE REPORT

To request the Council approve an update to the Audit & Governance Committee's terms of reference and adopt the Supplementary Remote Meetings Procedures Rules and Protocol.

2. RECOMMENDATIONS

The Council is asked to:

1. Approve the revisions to the Audit & Governance Committee's Terms of Reference as set out in this report.
2. Approve the Supplementary Remote Meetings Procedures Rules and Protocol (Appendix 1 & Appendix 2) for all council meetings held remotely whilst the Regulations that permit remote meetings remain in force, until 7 May 2021.

3. CONSTITUTION UPDATE

The Constitution was last updated in July 2019.

The Constitution is a key document setting out the governance framework of the Council. From time to time the constitution needs to be updated to reflect changes in legislation, resolutions passed by Council, portfolio changes made by the Leader, and changes made to the Council management structure and delegations.

The Monitoring Officer and Section 151 Officers also review and update generally the Constitution to ensure continued compliance with legislation.

The main changes/updates in this report relate to the re-alignment of `Terms of Reference` of the Audit & Governance Committee with those suggested and included in the latest CIPFA Guidance. The changes proposed are highlighted below from the current Section 9 content:

“Section 9 Audit and Governance Committee

Statement of Purpose:

Our Audit and Governance Committee is a key component of Blackburn with Darwen Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Audit and Governance Committee is to:

- provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment and the extent to which these meet the objectives of the Local Code of Corporate Governance;
- provide independent review of the Council's governance, risk management and control frameworks;
- oversee the financial reporting and annual governance processes; and
- oversee internal and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control:

The Audit and Governance Committee will:

1. Review the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance;
2. Review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control;
3. Consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements;
4. Consider the framework of assurance (including the Management Accountabilities Framework) and ensure that it adequately addresses the risks and priorities of the Council;
5. Monitor the effective development and operation of risk management in the Council, including information governance arrangements;
6. Monitor progress in addressing risk-related issues reported to the Committee;
7. Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions;
8. Review the assessment of fraud risks and potential harm to the Council from fraud and corruption;
9. Ensure that the Council maintains a robust counter fraud culture via the implementation of a counter fraud strategy backed up by effective controls and procedures, which define the respective roles of management and Internal Audit and Monitor the Counter Fraud strategy, actions and resources; and
10. To review the Governance and Assurance arrangements for significant partnership or collaborations.

Internal Audit

The Audit and Governance Committee will:

1. Approve the internal audit charter;
2. Approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources;
3. Approve significant interim changes to the risk-based internal audit plan and resource requirements;
4. Make appropriate enquiries of both management and the Head of Audit & Assurance to determine if there are any inappropriate scope or resource limitations;
5. Consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing, of the Head of Audit and Assurance, and to approve and periodically review safeguards to limit such impairments.
6. Consider reports from the Head of Audit & Assurance on internal audit's performance during the year. These will include:
 - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
 - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
7. Consider the Head of Audit & Assurance's annual report, including:
 - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion and the

implications of any significant matters identified – these will assist the Committee in reviewing the Annual Governance Statement.

8. Consider an annual risk management report.
9. Consider summaries of specific internal audit reports as requested.
10. Receive reports outlining the action taken where the Head of Audit & Assurance has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
11. Contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
12. Consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations; and
13. To provide free and unfettered access to the **Chair of the** Audit and Governance Committee for the Head of Audit and Assurance, including the opportunity for a private meeting with the Committee.

External Audit

The Audit and Governance Committee will:

1. Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by **Public Sector Audit Appointments**.
2. Consider the external auditor's annual letter, relevant reports, and the report to those charged with governance prior to publication of the annual accounts;
3. Consider specific reports as agreed with the external auditor;
4. Comment on the scope and depth of external audit work and to ensure it is effective and gives value for money;
5. Commission work from internal and external audit, **or other consultants, where applicable**; and
6. Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial Reporting

The Audit and Governance Committee will:

1. Review the **draft** annual statement of accounts **prior to approval**. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council; and
2. Consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury Management

The Audit and Governance Committee will:

1. **Review and** Monitor the Council's treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice
2. Ensure effective scrutiny of the treasury management strategy and policies;
3. Review the treasury management risk profile and adequacy of risk management processes; **and**
4. Consider reports on treasury management activity during the year. **;** **and 5. Receive and review assurance on treasury management activity;**

Accountability Arrangements

The Audit and Governance Committee will:

1. Report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
2. Report to full Council on an annual basis outlining the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
3. Publish an annual report on the work of the Committee

Authority

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, including those of partner organisations, and all employees are directed to co-operate with any request made by the Committee.

Frequency of Meetings

*The Committee will normally meet **five** times each year to fulfil its requirements.*

Programme

In order to meet its principal responsibilities during the year, the Committee will consider the reports and /activities outlined in the Annual Audit Plan:

*The programme itself will develop over time as new statutory responsibilities are introduced and the timetable may vary. **for example, as the Council is required to close its accounts earlier each year.***

Membership

The Committee will consist of 6 members appointed by Full Council. In addition, the Executive Member for Finance & Governance will also attend each Committee meeting.

The Leader of the Council and all Executive Members are precluded from being voting members of the Committee.

A quorum shall be 3 Members.

New Committee members will be required to undertake appropriate induction training to enable them to adequately perform their duties as and when necessary.

Attendance

Committee members are expected to make every effort to attend all meetings, where this is not possible a substitute should be nominated.

*To achieve these objectives, the Committee will depend principally on the attendance of the Chief Executive, Director of Finance and Customer Services, Director of HR, Legal & Governance Services and the Head of Audit & Assurance or their nominated representatives, **as appropriate**. The Council's external auditors, external advisors, **Directors or senior managers** may be required to attend as and when **requested by the Committee**.*

Reporting

*The **annual Audit and Governance Committee** Report will be formally reported to Full Council.*

Further reports will be made in those cases where the Committee considers matters must be formally brought to the attention of Full Council.

4 REMOTE MEETINGS

Due to the current COVID 19 pandemic the Government has temporarily removed the legal requirement for local authorities to hold public meetings in person. Under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, Councils are able to hold public meetings virtually by using video or telephone conferencing technology, including allowing remote access by members of the public. The Regulations apply to different types of council meetings, including full council meetings, Executive Board and committees. They also allow Councils the flexibility to make other procedure rules relating to remote attendance regarding voting, member and public access to meeting documents and the remote access of the public and press to meetings by electronic means, such as telephone conference, video conference, and live webcasts and live interactive streaming.

5. POLICY IMPLICATIONS

Constitutions set out the governance framework for local authorities, which provide the foundations for any local authority that aspires to be effective, progressive and successful. The Regulations will enable essential decision-making to continue whilst upholding democratic principles and enabling all to comply with the public health guidance.

6. FINANCIAL IMPLICATIONS

None

7. LEGAL IMPLICATIONS

The Local Government Act 2000 requires local authorities to prepare, keep up-to-date and publicise their constitution.

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ("the Regulations") came into force on 4 April 2020 and apply to local authority meetings (and Police and Crime Panel meetings) which are required to be held before 7 May 2021, and confers statutory powers to hold remote meetings. The Regulations also make provision for authorities to make changes to their procedure rules to facilitate remote meetings convened under this new power and enable local authorities to deal with the practicalities of holding remote meetings. These include voting, member and public access to documents and remote access of public and press. These changes to the procedure rules would be by way of an addendum/supplementary document to the procedure rules contained in the constitution. This power also provides an opportunity for councils to establish protocols for use by members and the public. The Regulations apply to meetings of a local authority, an executive of a local authority, a joint committee of two or more local authorities, and a committee or sub-committee of any of those bodies.

Regulation 5 makes it clear that any reference in other legislation that local authority meetings must involve persons being present in the same place can now be met by councillors attending remotely, provided certain conditions are met:

These are that members in remote attendance must at all times be able:

- to hear (and where possible see) and be so heard (and where possible be seen) by the other members in attendance
- to hear (and where possible see) and so be heard (and where possible be seen), by any member of the public entitled to attend the meeting; and
- to be heard (and where possible be seen) by any other member of the public so entitled who are present or accessing the meeting remotely.

The Regulations make provision for local authority members and officers, and the public, to have access to documents without attending council buildings.

8. RESOURCE IMPLICATIONS

In order to facilitate remote meetings, suitable conferencing facilities (such as MS Teams Live) would need to be installed to allow members and officers to join meetings remotely, and also provide the public remote access. IT have already been working with Democratic Services in setting up and testing the facility and ensuring that Members can use the facility from their devices. Distance training and practice meetings before going live may also need to take place.

9. EQUALITY IMPLICATIONS

The constitution update reflects changes in legislation and guidance. It also reflects various resolutions passed at Council, which would have been subject to an equality assessment, if any.

10. CONSULTATIONS

Council Chief/Senior Officers and Members

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Background Papers: CIPFA Guidance 2018