

Title of Report : **STANDARDS, AUDIT AND SCRUTINY – ETHICAL GOVERNANCE RESPONSIBILITIES**

Report of : **Head of Legal and Democratic Services**

To : **Standards Committee**

Date : **5th September 2008**

Item No 10

Purpose of report : To consider whether there is any overlap between the responsibilities of this Committee, the Audit and Governance Committee and the Scrutiny Committees; to review this Committee's own responsibilities; and consider how awareness of this Committee's work might further be raised.

Recommendation(s) : The Committee is recommended:-

(1) To consider whether it feels the need to be more closely involved in internal and external audit (paragraphs 3 and 4 of the report refers);

(2) To consider the additional of two further responsibilities (members' remuneration matters and politically restricted posts) into its powers and duties (paragraph 7(a) and (b));

(3) To consider whether there is a need further to raise the profile of the Committee's work and how this might be done – a suggestion is contained in paragraph 7(c).

Key decision : No

Portfolio Holder : Not applicable

Scrutiny Responsibility : Not applicable

Ward(s) affected : All

Report Approved by : Jeremy Thomas (Legal)
xxxxx (Finance)

Policy Framework : Not applicable

1. This report:-
 - (a) Considers whether there is any overlap between the roles and responsibilities of the Committee, the Audit and Governance Committee and the Scrutiny Committees and, if so, what if anything needs to be done. Appendix 1 to this report reminds the Committee of its own powers and duties, and sets out those of the Audit and Governance Committee and of the Scrutiny Committees.
 - (b) Suggests how awareness might be raised in respect of the Committee's responsibilities.
 - (c) Reviews the roles and responsibilities of the Committee.
2. There is no direct overlap between the responsibilities of the Scrutiny Committees and those of this Committee. It is conceivable that Scrutiny Committees could do some work for the Committee (if Scrutiny and this Committee agreed) in terms of a critical friend review of the Committee's effectiveness. This might also be done through internal, or conceivably external, audit. However, I am not proposing that this be undertaken at present.
3. There is overlap between the responsibilities of the Audit and Governance Committee and those of this Committee. Both Committees have a role to play in ethical governance.
4. The Standards Board has issued guidance on the role of Standards Committees. The guidance talks about the relationship between the Committee and Councils' Audit Committees. It says that the roles should complement each other. It says that whilst Audit Committees should oversee the financial processes, Standards Committees should take the lead on promoting good ethical conduct. It goes on to say that it is important that Committees are clear about their roles and responsibilities, and that there should be clear distinctions in their terms of reference in order to avoid confusion, disputes and possible duplication.
5. This Committee is responsible for "considering anything relevant in the Audit Commission's management letter or other correspondence from the Audit Commission". It has no wider role in audit matters. The Audit and Governance Committee is responsible more widely for external audit (see Appendix 1) and for setting, reviewing and considering internal audit reports. Our internal auditors are KPMG.
6. In terms of its responsibility for taking the lead on ethical governance, this Committee might wish to see (oversee) selected internal audit reports, and/or it might wish to be consulted on the internal and

external audit programme. The 2008/9 internal and external audit programmes are set out in Appendices 2A and 2B.

7. There are three things arising from the Standards Committee guidance and the previous paragraphs that the Committee is asked to consider:-
- (a) Including in its powers and duties, responsibility for the processes involved in reviewing the remuneration of members. This is suggested by the Standards Board to give the Committee a wider governance role. Our present Members' Allowances Scheme runs until the end of the current Council Year. There is a need for an independent remuneration panel to be established, for it to meet and for it to decide how to recommend the Council on the future of the Scheme. There is a role for the Committee to play in setting up an independent remuneration panel and commenting upon the remuneration panel's recommendations. There is a report elsewhere on the agenda on members' remuneration, for consideration if the Committee agrees to include the matter among its responsibilities.
 - (b) Including in its powers and duties responsibility for giving exemptions for politically restricted posts. The Standards Board recommends that this is one of the core functions of Standards Committees. Some details on politically restricted posts are set out in Appendix 3 to this report.
 - (c) In terms of taking the lead, and being seen to take the lead and being known to be the lead on promoting good ethical conduct, I feel that some improvements could be made in raising the Committee's profile. Whilst members and officers are aware of the existence of the Members' Code, of the Standards Committee and its responsibility to promote a sense of ethical well-being, further work by way of publicity could be done. I suggest that after every ordinary meeting of the Committee, two things happen:-
 - A digest of the Committee's business is issued and placed on both the internet and the intranet;
 - One aspect of the Committee's responsibilities is selected, written up and published on the internet and intranet. So, following the September meeting, this selected item might be the IT Code for Members. On another occasion it might be the Committee's role in carrying out initial assessments, reviews and investigations into allegations of breaches of the Code of Conduct.

8. The Committee is being recommended to:-

(a) consider whether it feels the need to be any more closely involved in internal and external audit (paragraphs 3 and 4 of the report refers);

(b) consider the additional of two further responsibilities (members' remuneration matters and politically restricted posts) into its powers and duties (paragraph 7(a) and (b));

(c) consider whether there is a need further to raise the profile of the Committee's work and how this might be done – a suggestion is contained in paragraph 7(c).

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Background papers: None

