



standards issues but is not permitted to be a member of the Committee. This requirement has been incorporated into the proposed Terms of Reference which states '*...the Council is required to appoint at least one Independent Person to advise on Standards relating to complaints who shall be invited to meetings in a non-voting capacity*'.

5. There is no requirement to have independent members although the Council can appoint independent members to committees and the current Audit and Governance Committee has two co-opted independent members, and this arrangement should continue as it is in line with good practice. It should be noted that Harlow District Council does not have any independent members on their Audit and Standards Committee but Broxbourne Council has an independent Chairman.

6. It is important the new Committee considers Standards issues at each meeting so it is proposed to have Standards as a standing item on its agenda

#### Proposed Terms of Reference

7. The newly merged Audit and Standards Committee would have the objective of making a positive contribution to the Council's governance and control environment. The proposed Terms of Reference articulate the Committee's wide remit including advising and reviewing the Council's arrangements for internal audit, internal control, risk management, financial management, standards and corporate governance. The Committee also has an important role in ensuring public money is spent wisely and providing assurance to the public that the Council is complying with the law, has an effective control framework in place and provides quality services in line with corporate priorities.

8. The proposed Terms of Reference for the Audit and Standards Committee, attached at Appendix 1, draws on the experience of merging the Audit and Standards Committee at Broxbourne and Harlow Councils and is based on model Terms of Reference for local authorities as detailed in the Chartered Institute of Public Finance and Accountancy publication: *Audit Committees - Practical Guidance for Local Authorities and Police 2013 Edition*.

#### The View of the Audit & Governance Committee

9. The Audit & Governance Committee considered these proposals at its meeting held on 30 November 2015. The Committee welcomed the proposals and were in general agreement that the two Committees should merge as it would be more efficient and lead to a (albeit small) reduction in the number of Member meetings each year. It was also felt that oversight of the Council's Treasury Management function should remain with the new Committee, rather than transferring to the Resource Select Committee.

10. The Committee resolved to approve the merger of the two Committees in principle, along with the proposed Terms of Reference, and requested that the views of the Standards Committee be sought on the matter.

#### The View of the Standards Committee

11. The Standards Committee considered these proposals at its meeting held on 25 January 2016. The Committee accepted that the implementation of the new arrangements for dealing with allegations of Member misconduct under the Localism Act 2011 had dramatically reduced its workload. However, after a full and frank discussion, the Committee was not minded to support the proposals and expressed a number of concerns regarding the proposed merger:

(i) there were currently 9 Members available to consider Standards issues, which would reduce to 3 under the proposals and it was felt by the Committee that this was not enough;

(ii) there was a perceived lack of involvement of Parish Councils under the proposals as currently there were three representatives from the Local Councils affiliated to the District Council's Standards Committee formally invited to each meeting; and

(iii) there was a perceived risk that a smaller Committee would be less objective when considering Standards issues.

12. Members of the Committee acknowledged there was a certain synergy between the two Committees, but highlighted that the two Committees actually considered two separate types of issues. It was also pointed out that a number of other Committees also have meetings cancelled due to a lack of business, or only met on an ad hoc basis, but that was not a sufficient reason to consider disbanding the Committee and amalgamating it with another.

### Conclusion

13. As the two Committees failed to reach agreement on the proposed merger, it is now for the Council to decide whether this should proceed for 2016/17. If the Council feels that the merger should go ahead then the proposed Terms of Reference for the new Committee has also been attached at Appendix 1 for the Council to consider and amend if necessary.

14. If the merger proceeds then the Constitution Working Group would be asked to review the necessary Constitutional amendments at its meeting scheduled for 22 March 2016 and report to the Council accordingly on 26 April 2016.