Summary Sheet

Committee Name and Date of Committee Meeting
Overview and Scrutiny Management Board – 31 January 2018

Report Title
Relationship between Audit Committee and Scrutiny

Is this a Key Decision and has it been included on the Forward Plan?
No

Strategic Director Approving Submission of the Report
Shokat Lal, Assistant Chief Executive

Report Author(s)
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Ward(s) Affected
All

Summary

The Chair and Vice-Chair of the Audit Committee are appointed as members of the Overview and Scrutiny Management Board to ensure that there is a timely flow of information and opportunity for referral of items between both committees. This report has been prepared to review the current arrangement between the two committees and identify where that relationship can be strengthened further. The report proposes the adoption of a concise protocol to ensure that referrals between the committees are formally captured. This report was considered by the Audit Committee on 21 November 2017 and was supported for referral to Overview and Scrutiny Management Board.

Recommendations

1. That the report be noted.

2. That a concise protocol be adopted governing referrals between the Audit Committee and the Overview and Scrutiny Management Board.

List of Appendices Included
None

Background Papers
Overview and Scrutiny Procedure Rules
Scheme of Delegation

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Relationship between Audit Committee and Scrutiny

1. Recommendations

1.1 That the report be noted.

1.2 That a concise protocol be adopted governing referrals between the Audit Committee and the Overview and Scrutiny Management Board.

2. Background

2.1 The work of the Audit Committee and the scrutiny function have similarities but also key distinct differences. In Rotherham, there is some recognition of the similar work streams and activities through the appointment of the Chair and Vice-Chair of the Audit Committee as members of the Overview and Scrutiny Management Board.

2.2 This report sets out the nature of the relationship and highlights potential areas for improving working practices between the two different, but complementary, functions.

3. Key Issues

3.1 The role of the Audit Committee differs from that of the Overview and Scrutiny Committees in that the role of scrutiny is to review policy and challenge whether the Executive has made the right decisions to deliver policy goals. The Audit Committee, however, provides independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and affects the control environment, and oversight of the financial reporting process.

3.2 Although the Audit Committee's work programme is driven largely by statute and the governance and financial reporting cycle, there is a potential overlap between the work of the Audit Committee and the Overview and Scrutiny Management Board having regard to their terms of reference. Additionally, there could potentially be areas of overlap with the Select Commissions.

3.3 The co-ordination of work programmes is desirable not only to avoid duplication of work, but to ensure that resources are used most effectively. It is for this purpose that the Chair and Vice-Chair of the Audit Committee are appointed as members of the Overview and Scrutiny Management Board. This approach goes some way towards ensuring that there is coordination of activities.

3.4 There is presently no formal procedure for referrals to be made between the Audit Committee and the Overview and Scrutiny Management Board. This process is reliant on the chairs of the respective bodies sharing information by way of verbal update. Some other local authorities in England have identified that this has been an issue. Having researched their approach to resolving the issue, it is recommended that Members may wish to consider the adoption of the following concise protocol to ensure that the reasons for referrals are reported formally and to inform any subsequent debate:-

In the event of the Audit Committee being minded to refer an issue to an Overview and Scrutiny Management Board (or vice-versa), the issue, the reasons for referral and the desired outcome must be clearly understood, and specified in the minutes and the reference.

3.5 Anecdotal feedback from Members indicates that the membership of the Chair and Vice-Chair of the Overview and Scrutiny Management Board adds value to scrutiny activity and ensures that risk is a consideration in undertaking scrutiny on proposed decisions. The views of the Audit Committee on the value of the relationship between with the scrutiny function would be welcome.

4. Options considered and recommended proposal

4.1 The Committee could choose to continue as at present, but this is not recommended as a greater awareness of the respective Audit and Overview & Scrutiny work programmes will avoid duplication and engender more efficient and effective use of resources. The adoption of the protocol for the referral of issues between the Audit Committee and Overview and Scrutiny Management Board will help clarify the reasons for the referral and inform the subsequent debate.

5. Consultation

5.1 The Audit Committee has been consulted on and supports the proposed protocol.

6. Timetable and Accountability for Implementing this Decision

6.1 In the event that both Audit Committee and Overview and Scrutiny Management Board support the proposed wording for the protocol, this can be incorporated into the pending changes to the Overview and Scrutiny Procedure Rules and terms of reference for the Audit Committee, which is embedded in the Scheme of Delegation. This will be reported to Constitution Working Group and subsequently to Council for formal adoption of the protocol within the revised rules and terms of reference.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report.

8. Legal Implications

8.1 There are no direct legal implications arising from this report.

8.2 If the proposed wording of the protocol is supported by both the Audit Committee and Overview and Scrutiny Management Board, it will be necessary to amend the Constitution to reflect its adoption by both bodies.

9.   Human Resources Implications

9.1   There are no human resources implications associated with this report.

10.   Implications for Children and Young People and Vulnerable Adults

10.1 There are no implications for children and young people or vulnerable adults associated with this report.

11.   Equalities and Human Rights Implications

11.1 There are no equalities or human rights implications associated with this report.

12.   Implications for Partners and Other Directorates

12.1 There are no implications for partners or other directorates arising from this report.

13.   Risks and Mitigation

13.1 The co-ordination of the Audit and Overview and Scrutiny work programmes will mitigate the risk of duplication of work and the inefficient and ineffective use of resources. The adoption of a protocol for the referral of issues between the Committees may mitigate the risk of inappropriate referrals and ensure that the debate is relevant and informed.

14.   Accountable Officer(s)

James McLaughlin, Democratic Services Manager

Approvals obtained from:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Judith Badger	13/11/2017
Assistant Director of Legal Services	Dermot Pearson	13/11/2017
Head of Procurement (if appropriate)	N/A	
Head of Human Resources (if appropriate)	N/A	

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