

REPORT TO: East Lothian Council

MEETING DATE: 12 September 2017

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Proposed Amendments to Standing Orders Appendix 1 – Scheme of Administration

1 PURPOSE

- 1.1 To seek approval of proposed amendments to the Council's Standing Orders – Appendix 1 - Scheme of Administration.

2 RECOMMENDATIONS

Council is requested to:

- 2.1 approve the proposed amendments to the Standing Orders Appendix 1 – Scheme of Administration, an extract of which is set out as Appendix 1 to this report, in relation to the temporary changes proposed to the quorums for the Audit & Governance Committee and Policy & Performance Review Committee (as outlined in Section 3.2 of this report);
- 2.2 note that, if approved, the proposed changes will come into effect at the close of the Council meeting of 12 September 2017.

3 BACKGROUND

- 3.1 At the meeting of the Council on 27 June, the SNP Group was invited to appoint Members to the Audit & Governance Committee, the Policy & Performance Review Committee and the Licensing Sub-Committee, as they had not made appointments to these committees at the first meeting of the new Council on 23 May. The Council was advised of the risks of not filling the vacancies on these three committees, particularly as regards achieving a quorum at future meetings. The SNP Leader did not make any further nominations to these committees at the June meeting, and the vacancies were left unfilled.

- 3.2 In order to avoid the risk of future meetings being inquorate, it is proposed that the quorums for Audit & Governance Committee and PPRC should be amended, as a temporary measure, to state 'half + 1 of the places filled' (a change from the current quorum of 'half +1'). This would allow for the existing vacancies to be filled at a later date, by way of further reports to Council. No change to the quorum would be required for the Licensing Sub-Committee as the quorum is currently set at three.
- 3.3 If approved, the changes set out in Appendix 1 to this report will be incorporated into Standing Orders. The updates will be issued to political group offices and published on the Council's website.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – None
- 6.2 Personnel – None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 East Lothian Council's Standing Orders
- 7.2 Report to East Lothian Council on 27 June 2017 – Appointment to Committees, etc. and Appointment of Representatives to Outside Bodies

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DATE	11 September 2017

AUDIT & GOVERNANCE COMMITTEE

A Remit and Powers

The following business and functions are delegated by the Council to the Audit & Governance Committee:

1. *Risk and Internal Controls*

- (a) promote Council policy on risk management by reviewing the delivery of the Risk Management Strategy, reviewing the business and strategic risk assessment arrangements and procedures and the Corporate Risk Register;
- (b) promote, review and monitor internal controls, financial and otherwise, within the Council in order to provide reasonable assurance of the effectiveness and efficiency of operations and compliance with relevant statutes, directions, guidelines and policies;
- (c) develop an anti-fraud culture within the Council to ensure the highest standards of probity and public accountability;
- (d) approve the annual Internal Audit assurance report and the statement of internal controls for inclusion in the annual accounts;
- (e) approve Internal Audit's Terms of Reference.

2. *Review of Audit Functions*

- (a) determine the scope of the annual audit plan and ensure it is directed in accordance with the approved business risk assessment;
- (b) examine and review the External Audit Planning Memorandum and review the overall performance with regard to quality, productivity and the fees charged;
- (c) review the activities of the Internal Audit function and monitor overall performance in terms of quality, productivity and effectiveness;
- (d) ensure that the Internal Audit function is sufficiently resourced to provide a systematic review of internal controls and a full assessment of significant investigations;
- (e) examine Internal and External Audit reports, and ensure weaknesses identified are adequately addressed by management and recommendations are actioned;
- (f) ensure that there are effective relationships between Internal and External Audit and inspection agencies, and that the value of the audit process is actively promoted.

3. *Financial Matters*

- (a) review the Council's financial performance as contained in the annual statement of accounts;

- (b) review the audit certificate/wording of any matters reported;
 - (c) review the annual report to Members from the External Auditor;
 - (d) review the implementation of audit recommendations;
 - (e) ensure that issues raised in previous financial years have been addressed; and
 - (f) review and monitor treasury management arrangements.
4. *All matters relating to the performance of the Departments and Council as a whole, including, but not limited to:*

Community

- Strategic vision and direction setting by Members
- Integration of strategic vision, direction and community planning priorities and actions into internal planning mechanisms
- Public performance reporting and public accountability
- Transparency of decision-making processes
- Consultation and communication with communities

Service Delivery Arrangements

- Corporate planning approach and performance against corporate actions and targets, including financial position and performance and asset management
- Performance management system and corporate performance information monitoring
- External scrutiny/assessment recommendations and resulting action planning
- Management of joint working
- Best Value reviews and option appraisal
- Contracting issues

Structures and Processes

- Monitoring of decision-making structures and mechanisms
- Monitoring of policy development and implementation
- Clarity of key roles and responsibilities

Governance

- Corporate Governance
- Annual Governance Statement

B Membership

1. The membership of the Audit & Governance Committee shall include a Convener and a Depute Convener. The Council shall determine the membership of the Audit & Governance Committee. Membership of the Committee should be drawn only from non-Cabinet Members of the Council. In appointing Members to the Committee, the Council shall seek to achieve political balance, although the Committee should act with political neutrality.

2. In the absence of the Convener and Depute Convener at a meeting the other Members of the Committee shall appoint an alternative Chairperson for the duration of that meeting.

C Quorum

1. Half + 1 of the places filled

D Substitutes

1. There shall be no substitutes.

E Meetings

1. Meetings shall take place in accordance with Standing Order 4..

F Reporting Arrangements

1. The clerk shall be responsible for taking minutes of the meetings of the Audit & Governance Committee.
2. Minutes shall be presented to the Audit & Governance Committee for approval.

G Miscellaneous

1. Decisions of the Committee on functions delegated to them shall be reported to the Council for information only unless the Committee resolved that a particular item of business should be referred to the council for decision.
2. The External Auditor will have the right to request that items of business are presented to the Committee.

POLICY & PERFORMANCE REVIEW COMMITTEE

A Remit and Powers

The following business and functions are delegated by the Council to the Policy & Performance Review Committee:

1. *All matters relating to the performance of all the Council's services including, but not limited to:*
 - Vision and direction setting by Members
 - Integration of vision, direction and community planning priorities and actions into internal mechanisms (including service plans)
 - Mechanisms and initiatives for improvement (e.g. benchmarking)
 - Public performance reporting and public accountability
 - Consultation and communication with communities
 - Planning and performance against actions and targets including financial position and performance, priority/risk based resource management and asset management
 - Mainstreaming of equality issues and sustainable development
 - External scrutiny/assessment recommendations and resulting action planning
 - Management of joint working
 - Best Value reviews and option appraisal
 - Contracting issues
 - Scrutiny of policies identified through an annual work plan or other aspect of its work

B Membership and Attendance

1. The membership of the Policy & Performance Review Committee shall include a Convener and a Depute Convener. The Council shall determine the membership of the Policy & Performance Review Committee. Membership of the Committee should be drawn only from non-Cabinet Members of the Council. In appointing Members to the Committee, the Council shall seek to achieve political balance.
2. In the absence of the Convener and Depute Convener at a meeting the other Members of the Committee shall appoint an alternative Chairperson for the duration of that meeting.
3. Councillors who are not members of the Policy & Performance Review Committee will have the right to attend meetings of the Committee and to question officers on any matter under consideration.

C Quorum

1. **Half + 1 of the places filled**

D Substitutes

1. There shall be no substitutes.

E Meetings

1. Meetings shall take place in accordance with Standing Order 4.

F Reporting Arrangements

1. The clerk shall be responsible for taking minutes of the meetings of the Policy & Performance Review Committee.
2. Minutes shall be presented to the Policy & Performance Review Committee for approval.
3. The Committee can refer any item of business to the Council, Cabinet or the relevant Committee, in which case a report shall be prepared by the relevant officer and placed on the agenda of the next appropriate meeting.

G Miscellaneous

1. The Policy & Performance Review Committee will be entitled to debate the terms of reports insofar as relevant to its authorised remit. No formal votes will be taken and the Committee will attempt to reach a consensus, or failing that, a majority view.
2. The Committee will be entitled to appoint ad hoc (short life) sub-committees. The Committee or its sub-committees will be entitled to undertake reviews of policies and/or performance, to call upon the Council and Council officials for reports, and to require the attendance for the purpose of questioning, of Committee Conveners and/or Depute Conveners and/or Cabinet Spokespersons and/or officials of the Council on any matter relevant to the issue under consideration by them.
3. The Committee will be entitled to invite representatives of other public agencies, local communities, the private and voluntary sectors, trade unions and academic institutions to assist with reviews of policies and/or performance. Also, it will be entitled to call appropriate expert witnesses, commission appropriate research and hold evidence gathering meetings.
4. The Committee will have the power to comment on, and make recommendations on, matters insofar as relevant to its authorised remit to the relevant Committee, the Cabinet or, where appropriate, to the Council.
5. The Convener or other nominated representative of the Committee will be entitled to speak to reports of the Committee submitted to the relevant Committee, the Cabinet or, as appropriate, the Council.