

 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b>  <b>20 January 2020</b>
	<b>Report from the Director of Legal, HR, Audit and Investigations</b>
<b>THE COMPLEMENTARY ROLES OF THE ASC, ASAC AND SCRUTINY COMMITTEES</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One: 1. Discussion paper – the complementary Roles of the ASC, ASAC and Scrutiny Committees
<b>Background Papers:</b>	One: 1. ASAC Self –Assessment Exercise report dated 10.07.19.
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## 1. Summary

- 1.1. This report seeks the Committees views with regard to clarifying the respective roles of scrutiny and audit related committees and improving how they work in a complementary way in the future.

## 2. Recommendation(s)

- 2.1 The Committee is asked to consider and review the discussion paper attached at Appendix A and provide feedback/recommendations as to the areas of compatibility and better working between the respective committees.

### 3. Detail

3.1. In July 2019, the Audit and Standards Advisory Committee (ASAC), considered a “self-assessment” outcome report following a workshop session with officers and councillors. The workshop focused on some of the key elements of an effective Audit Committee as suggested by the Chartered Institute of Public Finance & Accounting (CIPFA); as well as considering the recent move to combine the functions of the Audit and Standards Committees.

3.2. One of the recommendations for improvement noted in the report the report was:

#### **Liaison with the Scrutiny function**

*Achieve better interface/ alignment between ASAC and Scrutiny especially on financial matters. This could be achieved by:*

- *synchronising the work programmes of Scrutiny and ASAC with the work of Cabinet (including, as part of that, clarifying the distinction between the roles of ASAC and Scrutiny Committees), and*
- *seeking greater understanding on all available sources of assurance. Once adequately mapped, Scrutiny and ASAC could seek to address any gaps”.*

3.3. The committee asked that a discussion paper covering these issues be prepared and a draft discussion paper is attached as Appendix A. This explores the potential complementary roles of the ASAC and the Scrutiny Committees in further detail, as well as highlighting the areas that require clear demarcation. The Committee should note the discussion paper was considered by the Council Management Team on the 9<sup>th</sup> January 2020, and has had informal input from the ASAC Chair and Vice-Chair, the Independent Audit adviser and one or more representatives of the scrutiny.

3.4. Ultimately, any liaison between the respective committees would need to embed greater working together to ensure the committees are co-ordinated in order to maximise their effectiveness and avoid duplication where possible. It is also imperative that the independence of the respective committees is preserved throughout any closer working process.

3.5. The review undertaken for the self-assessment exercise is timely from a scrutiny perspective in that it reflects the position of the Ministry of Housing, Communities and Local Government in the “Overview & Scrutiny in Local and Combined Authorities” Statutory Guidance. This recommends, “*Council’s cast a critical eye over their existing arrangements and above all, ensure they embed a culture that allows Overview and Scrutiny to flourish*”.

3.6. The attached discussion paper explores the respective remits of the committees as well as highlighting potential options to resolve the uncertainties created about how the respective roles should operate and which function should be responsible for considering particular questions/issues that arise.

#### **4. Legal Implications**

4.1. The CIPFA position statement in respect of Audit committees in Local Authorities recommends (among other things) that an Audit committee:

- be independent of both the executive and the scrutiny functions;
- include an independent member where not already required to do so by legislation;
- have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups.

4.2. Statutory guidance in relation to Scrutiny Committees has been issued under section 9Q of the Local Government Act 2000 and under paragraph 2(9) of Schedule 5A to the Local Democracy, Economic Development and Construction Act 2009.

4.3. The guidance provides that local authorities and combined authorities must have regard to it when exercising their functions. The phrase “must have regard”, when used in this context, does not mean that the sections of statutory guidance have to be followed in every detail, but that they should be followed unless there is a good reason not to in a particular case.

#### **5. Equality Implications**

5.1. There are no equality implications arising directly out of this report.

**Report sign off:**

**DEBRA NORMAN**

Director of Legal, HR, Audit and Investigations