



City of Westminster

General Purposes Committee Report

Item No:	
Date:	Monday 3 July 2006
Classification:	For General Release
Title of Report:	Terms of Reference of the Audit and Performance Committee and Conduct of Urgent Business
Report of:	Director of Legal and Administrative Services
Wards involved:	None
Policy context:	Management of the Council
Financial summary:	There are no financial implications
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Summary

- 1.1 This report seeks approval to extend the terms of reference of the Audit and Performance Committee in relation to:
- (i) the production and adoption of the Annual Efficiency Statement
 - (ii) the functions of the Remuneration Sub-Committee (which it is recommended should be abolished)
 - (iii) Staff terms and conditions save for those issues in relation to the monitoring and implementation of Ethical Governance issues.
- 1.2 This report also seeks approval for the Staff Appeals Sub-Committee and the Appointments Sub-Committees to become the Sub-Committees of the Audit and Performance Committee.
- 1.3 Further, this report seeks approval to recommend a change to Standing Order 40 and that the Audit and Performance and Superannuation Investment Committees establish Urgency Sub-Committees.

2. Recommendations

- 2.1 That the Council be recommended to approve the revised terms of reference of the Audit and Performance Committee, as set out in Appendix A.
- 2.2 That, subject to the adoption of recommendation 2.1, the Remuneration Sub-Committee cease to exist with effect from 19 July 2006.
- 2.3 That the Council be recommended to approve changes to the terms of reference of the General Purposes Committee be amended by (i) the deletion of the following term of reference:

(a) (7) — Staff Terms and Condition

To determine the terms and conditions on which staff hold office (including the procedures for their dismissal)

and (ii) the addition of the following:

(b) (7) — Ethical Governance

———— Notwithstanding the terms of reference of the Audit and Performance ———— Committee, to retain responsibility for the monitoring and ———— implementation of the action plan Ethical Governance issues, in particular, those arising — from the Audit Commission's Ethical Governance Audit of Westminster and the Standards Committee for Member conduct issues.

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- 2.4 That the following note be added to the terms of reference of the Audit and Performance Committee:

Note: Notwithstanding the terms of reference of the Audit and Performance Committee, the General Purposes Committee will retain the responsibility for monitoring and implementing ethical governance issues, in particular, those the action plan arising from the Audit Commission's Ethical Governance Audit of Westminster, ~~and the Standards Committee for Member conduct issues.~~

- 2.5 That the Staff Appeals Sub-Committee and the Appointments Sub-Committees of the General Purposes Committee become Sub-Committees of the Audit and Performance Committee with effect from the date of that Committees decision to formally appoint them.
- 2.6 That the Council be recommended to agree the changes to Standing Order 40 in relation to urgent decisions between meetings, as set out in paragraph 3.6 of the report, and that the Audit and Performance and the Superannuation Investments Committees be recommended to establish Urgency Sub-Committees as outlined in paragraph 3.5 below.

3. Background

- 3.1 The Audit and Performance Committee currently has responsibility for overseeing the production of the Authority's Statement of Internal Control and recommending its adoption. It is therefore appropriate for the Committee to have similar responsibility for the Authority's Annual Efficiency Statement.
- 3.2 The Remuneration Sub-Committee of the General Purposes Committee was established with the following terms of reference.
- (1) To determine the policy and framework for the remuneration of all staff.
 - (2) To advise the Cabinet Member for Finance and Support Services and the General Purposes Committee on issues relating to the remuneration of all staff as necessary.
 - (3) In the course of carrying out its duties in respect of (1) and (2) above, to have regard to the suitability and application of any grading or performance related pay schemes operated, or proposed, by the Council.
 - (4) To consider an annual report of the Head of Human Resources dealing with remuneration trends in and across the public sector, insofar as they may affect the City Council's ability to either recruit or retain the staff it needs.
- 3.3 Now that the Council has established a specialist decision taking Committee responsible for audit and performance corporately it is appropriate for ~~that~~ it

Committee (~~the Audit and Performance Committee~~) to have responsibility for ~~remuneration~~ issues currently within the remit of the Remuneration Sub-Committee. Abolition of the Sub-Committee will also rationalise the Council's Committee structure. The proposed revised terms of reference are attached as Appendix A.

- 3.4 If the proposal to place responsibility for remuneration within the terms of reference of the Audit and Performance Committee is accepted then it is logical that the responsibility for "determining the terms and conditions on which staff hold office" should transfer from the General Purposes Committee to the Audit and Performance Committee together with the Staff Appeals and Appointments Sub-Committees (currently Sub-Committees of the General Purposes Committee).
- 3.5 From time to time it is necessary to obtain urgent decisions between scheduled meetings. Provision already exists in respect of executive functions (via the Urgency Committee of the Cabinet) and for non executive functions within the remit of the General Purposes Committee and the Licensing Sub-Committee (via Urgency Committees). It would be advisable for similar arrangements to be put in place for the Audit and Performance Committee and the Superannuation Investments Committees and therefore reports will be submitted to both Committees to allow them to establish Urgency Sub-Committees.
- 3.6 As a result Standing Order 40, which covers the conduct of urgent business, will require amendment to include provision for the Audit and Performance and the Superannuation Investments Committees to have the same arrangements for urgent decisions which exist for the General Purposes and Licensing Committees. The proposed revised Standing Order 40 is set out below:

Decisions between Meetings

- (1) The Leader (~~or~~as in his absence the Deputy Leader) shall appoint an Urgency Committee of three Members of the Cabinet. The General Purposes Committee, the Licensing Committee, the Audit and Performance Committee and the Superannuation Investments Committee shall each appoint an Urgency Sub-Committee of three Members appointed in accordance with standing Order 28(1).
- (2) Between scheduled meetings of the Cabinet or the General Purposes Committee, the Licensing Committee, the Audit and Performance Committee or the Superannuation Investments Committee any matter may be referred to an Urgency Committee or Sub-Committee constituted in accordance with this Standing Order by the Chief Executive or any Chief Officer where, in the opinion of any of them, it is urgent and cannot wait until the next ordinary meeting of the Cabinet or the General Purposes Committee.

- (3) A meeting of the Cabinet Urgency Committee or the General Purposes, Licensing, Audit and Performance or the Superannuation Investments Urgency Sub-Committees shall be empowered to decide any matter within the terms of reference of the Cabinet or the relevant parent Committee or any of its Sub-Committees which has been referred to it for decision by the Chief Executive or any Chief Officer provided that the Urgency Committee or Urgency Sub-Committee is satisfied that the matter cannot wait until the next ordinary meeting.
- (4) All Standing Orders which apply to Committees and Sub-Committees other than those which are inconsistent with this Standing Order, shall apply to a meeting of an Urgency Committee or a relevant Urgency Sub-Committee.
- (5) Where the Chief Executive or any Chief Officer is of the opinion that a matter which is within the terms of reference of the General Purposes, the Audit and Performance and Superannuation Investment or the Licensing Committees or the Cabinet but does not require a meeting of the relevant Urgency Sub-Committee, or the Urgency Committee of the Cabinet he may send a written report to the Members of the Urgency Committee/Sub-Committee, and any Ward Members who would otherwise have been consulted in accordance with the Code of Governance, and make a decision on that matter provided that:
 - (a) subject to (b) below, no matter shall be decided by a Chief Officer pursuant to this Standing Order until the expiration of four clear days from the report being sent and provided further that any written representation received before a decision is taken in accordance with this Standing Order must be considered by the relevant Chief Officer before exercising these powers;
 - (b) in the case of a matter which the Chief Officer considers to be exceptionally urgent he may take a decision before the expiration of four clear days provided he has advised the Members to be consulted of his intention to do so. When taking a key decision under these powers Chief Officers shall also comply with the provisions or Regulations 9(1) and 16 of the Local Authority (Executive Arrangements)(Access to Information)(England) Regulations 2000.
 - (c) in the case of a report submitted in the names of more than one Officer the first named Chief Officer shall exercise these powers unless the matter has been referred to the Chief Executive by any Chief Officer or has been called in by the Chief Executive for decision in which case the matter shall be determined by the Chief Executive.

3.7 Recommendations 2.3(b) and 2.4 ~~have~~ been included ~~for clarification~~ ~~purposes to allow the General Purposes Committee to conclude the~~

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work already commenced in respect of the Audit Commission's Ethical Governance Audit of Westminster

4. Other Implications

None

Background Information

If you would like to inspect one of the background papers or speak to someone about this report please contact Mick Steward – Tel: 020 7641 3134;
Email: msteward@westminster.gov.uk

Background Documents

- Constitution

AUDIT AND PERFORMANCE COMMITTEE

CONSTITUTION

5 Members of the Council, 4 Majority Party Members and 1 Minority Party Member but shall not include a Cabinet Member.

TERMS OF REFERENCE

Audit Activity

1. To consider the head of internal audit's annual report including the auditor's opinion on the Council's control environment and a summary of internal audit and anti-fraud activity and key findings.
2. To consider reports, at regular intervals, which summarise:
 - the performance of the Council's internal audit and anti fraud service provider/s
 - audits and investigations undertaken and key findings
 - progress with implementation of agreed recommendations
3. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
4. To consider specific reports as agreed with the external auditor.
5. To comment on the scope and depth of external audit work and to ensure it gives value for money.
6. To liaise with the Audit Commission over the appointment of the Council's external auditor.
7. To comment on the proposed work plans of internal and external audit.

Regulatory Framework

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
9. To review any issue referred to it by the Chief Executive or a Director, or any Council body.
10. To monitor the effective development and operation of risk management and corporate governance in the Council.
11. To monitor Council policies on 'Raising Concerns at Work' and the antifraud and anti-corruption strategy and the Council's complaints process.

12. To oversee the production of the authority's Statement on Internal Control and Annual Efficiency Statement and to recommend there adoption.
13. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
14. To consider the Council's compliance with its own and other published standards and controls.

Accounts

15. To review the annual statement of accounts and approve these for publication. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
16. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Performance Monitoring

17. To review and scrutinise the financial implications of external inspection reports relating to the City Council.
18. To receive the quarterly performance monitoring report and refer any issues which in the Committee's view require more detailed scrutiny to the relevant Overview and Scrutiny Committee.
19. To review and scrutinise personnel issues where they impact on the financial or operational performance of the Council including but not limited to agency costs, long-term sickness, ill health early retirements and vacancies; and
20. To review and scrutinise Stage 3 complaints made against the City Council and monitor progress.
21. To consider and advise upon, prior to tender, the most appropriate contractual arrangements where a proposed contract has been referred to the Committee by the Chief Executive.
22. To maintain an overview of overall contract performance on behalf of the Council.
23. To review and scrutinise contracts let by the Council for value for money and adherence to the Council's Procurement Code.
24. To review and scrutinise the Council's value for money to Council tax payers.
25. To scrutinise any item of expenditure that the Committee deems necessary in order to ensure probity and value for money.

26. To require the attendance of any officers or Members of the Council to answer questions relating to the Committee's work.

Staffing

27. To determine the policy and framework for the remuneration of all staff.
28. To advise the Cabinet Member for Finance and Support Services on issues relating to the remuneration of all staff as necessary.

In the course of carrying out its duties in respect of 27 and 28 above, to have regard to the suitability and application of any Grading or Performance Related Pay Schemes operated, proposed, by the Council.

29. To consider an annual report of the Head of Human Resources dealing with remuneration trends in and across the public sector, insofar as they may affect the City Council's ability to either recruit or retain the staff it needs.