

**SUPPLEMENTARY REPORTS FOR  
CABINET  
Thursday, 25 January 2018 at 7.30 pm  
Council Chamber, Civic Centre**

The attached documents are due to be considered at the meeting listed above and were unavailable for circulation when the agenda for the meeting was published. The agenda item to which the documents relate is noted below.

**AGENDA**

20. Communications from Committees/Working Groups/Parties and Panels
- c) Referral from Constitution Panel - New Governance Arrangements for the Approval of the Council's Statement of Accounts (Pages 2 - 10)
  - d) Referral from Constitution Panel - Working Groups, Parties and Panels (Pages 11 - 16)

**REPORT TO:** CABINET

**DATE:** 25 JANUARY 2018

**TITLE:** NEW GOVERNANCE ARRANGEMENTS FOR THE APPROVAL OF THE COUNCIL'S STATEMENT OF ACCOUNTS

**PORTFOLIO HOLDER:** COUNCILLOR WAIDA FORMAN, PORTFOLIO HOLDER FOR GOVERNANCE

**LEAD OFFICERS:** SIMON FREEMAN, HEAD OF FINANCE (01279) 446228  
JANE GREER, HEAD OF COMMUNITY WELLBEING (01279) 446406

**CONTRIBUTING OFFICERS:** JOHN DYSON, PRINCIPAL FINANCE MANAGER (01279) 446225  
ADAM REES, GOVERNANCE SUPPORT OFFICER (01279) 446057

**This is not a Key Decision**

**It is not on the Forward Plan. The following exemption applies:**

It is a decision on an operational or procedural matter

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation to Council

**This decision will affect no ward specifically.**

**RECOMMENDED** that it is recommended to Full Council that:

- A** The Constitution is amended, as set out in Appendices A and B to the original report, to give authority to the Audit and Standards Committee to approve the Annual Governance Statement and Statement of Accounts.
- B** The Constitution is amended, as set out in Appendix B, so that the Chair of the Audit and Standards Committee, rather than the Leader of the Council, is given the authority to sign-off the Annual Governance Statement and Statement of Accounts.

**REASON FOR DECISION**

- A** The Constitution Panel considered the report attached as Appendix 1 on

Thursday 18 January and asked that Cabinet refer the matter to Full Council for approval.

## **BACKGROUND**

1. At its meeting on 18 January 2018, the Panel considered the report attached as Appendix 1.
2. The Panel asked that the amendments set out in Appendices A and B were referred to Cabinet to recommend their adoption to Full Council

## **IMPLICATIONS**

Implications of the recommended decision are outlined in the 'Implications' section of the original report, which is attached as Appendix 1.

## **APPENDICES**

Appendix 1 – Original report to the Constitution Panel, 'New Governance Arrangements for the Approval of the Council's Statement of Accounts'

## **BACKGROUND PAPERS**

None.

## **GLOSSARY OF ABBREVIATIONS/TERMS USED**

None.

**REPORT TO:** CONSTITUTION PANEL

**DATE:** 18 JANUARY 2018

**TITLE:** NEW GOVERNANCE ARRANGEMENTS FOR THE APPROVAL OF THE COUNCIL'S STATEMENT OF ACCOUNTS

**LEAD OFFICERS:** SIMON FREEMAN, HEAD OF FINANCE (01279) 446228

JANE GREER, HEAD OF COMMUNITY WELLBEING (01279) 446406

**CONTRIBUTING OFFICERS:** JOHN DYSON, PRINCIPAL FINANCE MANAGER (01279) 446225

ADAM REES, GOVERNANCE SUPPORT OFFICER (01279) 446057

**RECOMMENDED** that it is recommended to Full Council that:

- A** The Constitution is amended, as set out in Appendices A and B to the report, to give authority to the Audit and Standards Committee to approve the Annual Governance Statement and Statement of Accounts.
- B** The Constitution is amended, as set out in Appendix B, so that the Chair of the Audit and Standards Committee, rather than the Leader of the Council, is given the authority to sign-off the Annual Governance Statement and Statement of Accounts.

## **BACKGROUND**

1. Currently, following the end of a financial year, the Council has three months to close its accounts (giving a deadline of 30 June each year). The auditors then have three months to complete their audit and issue an opinion, within which time the Statement of Accounts must be signed off by the Managing Director, Head of Finance and the Leader of the Council. Sign-off of the Accounts follows a recommendation by the Audit and Standards Committee that Cabinet approves the Accounts. Furthermore, during this period the Council is required to make the Accounts available for public inspection for 30 working days, including the first 10 working days of July. The deadline for issuing the signed Audited Accounts is 30 September each year.
2. For the 2017/18 accounts, the Council will have two months to prepare its draft Statement of Accounts (a deadline of 31 May) so that the audit process

can commence. The audit process will take place over two months, giving a deadline of 31 July. This requirement has been set out by Government in the Accounts and Audit Regulations 2015 (the 2015 Regulations).

## **ISSUES/PROPOSALS**

3. If the Council continues to follow its current governance arrangements, it will not be able to comply with the 2015 Regulations for approving the 2017/18 financial year's accounts onwards.
4. It is proposed that in order to comply with the 2015 Regulations, authority for approving both the Annual Governance Statement and the audited Statement of Accounts be transferred from Cabinet to the Audit and Standards Committee. An additional Audit and Standards meeting would be arranged each year towards the end of July with the specific purpose of approving the Statement of Accounts.
5. As approval would no longer be given by Cabinet, it is proposed that the Chair of the Audit and Standards Committee is given authority to sign-off the documents rather than the Leader. The Constitution does not currently state that the Leader must sign-off the accounts, but amending the Constitution will give further clarity to the process.
6. There is no legal requirement that the Annual Governance Statement or Audited Statement of Accounts are approved by Cabinet or Full Council, and the proposed arrangements are used by other councils.

## **IMPLICATIONS**

### **Place (includes Sustainability)**

None specific.

Author: **Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

Changes to the timescales for the closure, approval and publication of the annual Statement of Accounts are prescribed in the Accounts and Audit Regulations and take effect from the 2017/18 financial year-end. This report enables the requirements of the Regulations to be correctly adopted.

Author: **Simon Freeman, Head of Finance**

### **Housing**

None specific.

Author: **Andrew Murray, Head of Housing**

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

The Audit and Accounts Regulations 2015 [the 2015 Regulations] govern how the annual statement of accounts must be signed of the statement of accounts may be signed off by a resolution of a Committee of the Council under Regulation 9(2) of the Regulations.

Regulation 6(2) of the Regulations enables a Committee of the Council, after considering the findings required in Regulation 6(1)(b) the duty to prepare the Annual Governance Statement, can by resolution approve the Annual Governance Statement.

The Regulations enable a Committee of the Council be appointed to approve the Statement of Accounts and Annual Governance Statement. By implementing the proposed changes to the Constitution the Council will be able to comply with the duties imposed by the 2015 Regulations.

Author: **Amanda Julian, Legal Services Manager, on behalf of Brian Keane, Acting Managing Director**

### **Background Papers**

None.

### **Glossary of terms/abbreviations used**

None.

### **Appendices**

Appendix A – Audit and Standards Committee Terms of Reference

Appendix B – Constitution – Annual Statement of Accounts

## Appendix A

### AUDIT AND STANDARDS COMMITTEE

The role of the Committee is two-fold:

**Audit** – The Committee oversees the Council's internal audit and risk functions; receives and approves external audit reports; scrutinises and approves the Annual Statement of Accounts; makes reports and recommendations to the Cabinet, Committees and the Council as a whole on the adequacy of its corporate governance and risk management arrangements and the associated control environment.

**Standards** - The Committee deals with a range of matters including issues concerning Councillors' conduct, providing advice and guidance to the Council, the Cabinet and individual Councillors and advising on the application and review of the Constitution.

#### Terms of reference

##### Audit

1. To approve the Internal Audit Charter.
2. To consider the Audit Manager's annual report and opinion, the summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance arrangements.
3. To approve the risk-based Internal Audit Plan, including resource requirements and its approach to using other sources of assurance.
4. To consider summaries of Internal Audit reports.
5. To consider reports from Internal Audit on agreed recommendations not implemented within reasonable timescales.
6. To consider reports dealing with the management and performance of the providers of Internal Audit services.
7. To consider the external auditor's Annual Audit and Inspection Letter and other reports.
8. To comment on the scope and depth of external audit work and to ensure it gives value for money.
9. To liaise over the appointment of the Council's external auditor.
10. To commission work from Internal Audit and the external auditor.

## Regulatory framework

11. To review any issue referred to it by the Managing Director, Statutory Officer or any Council body.
12. To monitor the effective development and operation of risk management and corporate governance in the Council.
13. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
14. To monitor the Council's policies on whistle blowing, for contraventions of financial and other procedures or fraud-related situations; Anti-fraud and Corruption Strategy and complaints.
15. To monitor the production of the Annual Governance Statement and recommend its adoption to the Cabinet.
16. To consider the Council's framework of assurance and ensure it adequately addresses the risks and priorities of the Council.
17. To consider the Council's compliance with its own and other published standards and controls.

## Accounts

18. To review and approve the Annual Governance Statement and aAnnual Statement of Accounts, and considering 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 Cabinet and/or the Full Council.~~
19. To consider the external auditor's report to those charged with governance on issues arising from their audit of the accounts.

## Accountability Arrangements

20. To report to Full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

## Standards

21. Promoting and maintaining high standards of conduct by Councillors and co-opted persons of Committees.
22. Assisting Councillors and co-opted persons of Committees to observe the Code of Conduct.
23. Advising the Council on the adoption or revision of the Code of Conduct.

24. Monitoring the operation of the Code of Conduct.
25. Advising and/or censuring and/or imposing a sanction on a Councillor or co-opted person of a Committee (or former Councillor or co-opted person) of the Council.
26. Having oversight of all aspects of Councillor development.
27. Receiving annual reports in a monitoring and guidance role on whistle blowing, bullying and harassment.
28. Being fully involved in any ethical review of the Council or its activities.

Meetings are open to members of the public, except for when confidential information is being considered.

Members of the public may ask questions at meetings of the Audit & Standards Committee.

### **Chairing**

1. Full Council shall appoint the Chair and the Vice Chair of the Committee.

The Audit and Standards Committee has one permanent Sub-Committee, the Hearing Sub-Committee:

## Appendix B

### 9 Annual Statement of Accounts

#### Why is this important?

- 9.1. The Council has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Full Council Audit and Standards Committee is responsible for approving the statutory annual statement of accounts, as well as the accompanying annual governance statement. These documents are signed-off by the Managing Director, Section 151 Officer and the Chair of the Audit and Standards Committee.

#### Key controls

- 9.2. The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of these affairs. At Harlow Council, that Officer is the Section 151 Officer.
- 9.3. The Council's statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

#### Responsibilities of the Section 151 Officer

- 9.4. To select suitable accounting policies and to apply them consistently.
- 9.5. To make judgements and estimates that are reasonable and prudent.
- 9.6. To comply with the Code of Practice on Local Authority Accounting in England and Wales.
- 9.7. To sign and date the statement of accounts as required by regulations, stating that it presents a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.
- 9.8. To draw up the timetable for final accounts preparation and to advise staff and external auditors accordingly.

#### Responsibilities of Senior Managers

- 9.9. To comply with accounting guidance provided by the Section 151 Officer and to supply him information when required.

**REPORT TO:** CABINET

**DATE:** 25 JANUARY 2018

**TITLE:** WORKING GROUPS, PARTIES AND PANELS

**PORTFOLIO HOLDER:** COUNCILLOR WAIDA FORMAN, PORTFOLIO HOLDER FOR GOVERNANCE

**LEAD OFFICER:** JANE GREER, HEAD OF COMMUNITY WELLBEING (01279) 446406

**CONTRIBUTING OFFICER:** ADAM REES, GOVERNANCE SUPPORT OFFICER (01279) 446057

**This is not a Key Decision**

**It is not on the Forward Plan. The following exemption applies:**

It is a decision on an operational or procedural matter

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation to Council

**This decision will affect no ward specifically.**

**RECOMMENDED** that it is recommended to Full Council that:

- A** The Constitution is amended as set out in Appendix A to the report, subject to the following additional wording to paragraph 4a “adhering to the principle of political balance where practicable.”
- B** The terms of reference of all Working Groups and Panels shall be included in the Constitution.

**REASON FOR DECISION**

- A** The Constitution Panel considered the report attached as Appendix 1 on Thursday 18 January and asked that Cabinet refer the matter to Full Council for approval.

**BACKGROUND**

1. At its meeting on 18 January 2018, the Panel considered the report attached as Appendix 1.
2. The Panel asked that the amendments set out in Appendix A were referred to Cabinet to recommend their adoption to Full Council

## **IMPLICATIONS**

Implications of the recommended decision are outlined in the 'Implications' section of the original report, which is attached as Appendix 1.

## **APPENDICES**

Appendix 1 – Original report to the Constitution Panel, 'Working Groups, Parties and Panels'

## **BACKGROUND PAPERS**

None.

## **GLOSSARY OF ABBREVIATIONS/TERMS USED**

None.

**REPORT TO:** CONSTITUTION PANEL

**DATE:** 18 JANUARY 2018

**TITLE:** WORKING GROUPS, PARTIES AND PANELS

**LEAD OFFICER:** JANE GREER, HEAD OF COMMUNITY WELLBEING (01279) 446406

**CONTRIBUTING OFFICER:** ADAM REES, GOVERNANCE SUPPORT OFFICER (01279) 446057

**RECOMMENDED** that it is recommended to Full Council that:

- A** The Constitution is amended as set out in Appendix A to the report.
- B** The terms of reference of all Working Groups and Panels shall be included in the Constitution.

## **BACKGROUND**

1. The Council has a number of Working Groups, Parties and Panels. Whilst these are not in themselves decision making bodies they enable detailed discussion and scrutiny throughout the policy formulation process.
2. There are no Working Groups which report directly to Full Council. One Working Group (the Cabinet Overview Working Group) reports directly to Cabinet. Its terms of reference are included in the Constitution.
3. Both Full Council and Cabinet have a number of Panels which report directly to them. Whilst both Working Groups and Panels are permanent, they differ in that Panels are established for a specific purpose and only meet when needed, whereas Working Groups normally have wider remits and meet more consistently.
4. Working Parties, sometimes informally referred to as task/finish groups are appointed for a fixed period of time and focus on a specific issue and tend to meet in a more informal capacity. They report back to their parent body, ordinarily by means of a written report.
5. The terms of reference for all Committees, Sub-Committees and the Overview Working Group are included in the Constitution. The terms of reference for Working Parties and Panels are not included.

## ISSUES/PROPOSALS

6. The Council's Constitution does distinguish the difference between working groups, working parties and panels. However, it does not formally set out the requirements for establishing these bodies and as result their governance arrangements have effectively been controlled by generally accepted conventions.
7. This reduces transparency as it not clear how Working Groups, Parties or Panels are formed unless someone already has an understanding of the general governance arrangements surrounding them. Furthermore, having formal arrangements in place will remove ambiguity. In light of this formalised governance arrangements are clearly beneficial.
8. The amendments set out in Appendix A set out formal governance arrangements surrounding the establishment and operation of Working Groups, Parties and Panels.
9. It is also recommended that the terms of reference for all Working Groups and Panels are added to the Constitution in order to aid with transparency. Given the temporary nature of Working Parties it is not practicable to include their terms of reference. It should be noted the terms of reference of Working Parties will be included in the minutes of the meeting they were established so a public record of their terms of reference will exist.

## IMPLICATIONS

### **Place (includes Sustainability)**

None specific.

Author: **Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

None specific.

Author: **Simon Freeman, Head of Finance**

### **Housing**

None specific.

Author: **Andrew Murray, Head of Housing**

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

The Council must adopt a Constitution that sets out how we operate, how decisions are made and the procedures that are followed to ensure that these decisions are transparent and accountable.

The clarification of the terms of reference for the working groups, parties, and panels in the Constitution will assist with the governance of the Council, to achieve the transparency and accountability required of us.

Author: **Amanda Julian, Legal Services Manager, on behalf of Brian Keane, Acting Managing Director**

### **Background Papers**

Harlow Council Constitution

<http://www.harlow.gov.uk/constitution>

### **Appendices**

Appendix A – Amendments to the Constitution

### **Glossary of terms/abbreviations used**

None.

## WORKING GROUPS, PARTIES AND PANELS

- 1 The meetings of Working Groups, Parties and Panels are open to the public unless a Working Party, Panel or Group decides otherwise for a specific reason.
- 2 The definitions of a Working Group, Party or Panel shall be as follows:
  - a) where the appointed body is of an ongoing nature it shall be called a working group;
  - b) where the appointed body has a definite start/finish date with "task and finish" terms of reference, it shall be called a working party; and
  - c) where the appointed body is established for a specific purpose, but meets only when required to consider and resolve specific issues on that agenda, it shall be called a panel.

3 No Working Group, Party or Panel shall have decision making powers.

4 All Working Groups, Parties and Panels shall:

a) Be comprised of at least three (3) Members and no more than ten (10) Members;

b) Have their membership agreed at the meeting where the body is established;

c) Have their terms of reference agreed at the meeting where the body is established.

i. The terms of reference must fall under the remit of the parent body.

ii. A Working Party's finish date must be agreed at the meeting where it is established and will be included in its terms of reference.

35 The membership and terms of reference of a Working Group, Party or Panel can only be changed by resolution of the parent body.

46 The identification, classification and terms of reference of current Working Groups, Parties and Panels are available from the Corporate and Governance Support section.