

GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

SUMMARY

1. Members met on 28th February 2014 to discuss, amongst other things, the purpose and function of the Governance, Audit and Scrutiny (GAS) Committee. The CFO made a brief presentation to remind Members of the history and purpose of the GAS Committee and to present options for consideration.
2. A report was submitted to the meeting of the Authority on 14th March 2014. The report proposed that the audit and governance functions of the Committee would remain largely unchanged. The scrutiny function of the Committee would be changed in that the routine scrutiny of all reports to the Authority would cease. Instead the Committee would carry out in-depth scrutiny of a specific number of topics suggested by the Authority, CMT and the Committee itself.
3. Whilst members appeared to broadly support the retention of a scrutiny role it was felt that further detail was required of the proposed amended terms of reference of the Committee and some concern was expressed at the proposal that Members of the Authority could be called to give evidence before the Committee.

RECOMMENDATIONS

4. That Members approve the amended terms of reference of the Governance, Audit and Scrutiny Committee attached as Appendix A to this report.

BACKGROUND

5. The GAS Committee has a key role to play in ensuring good governance within the organisation. It achieves this by reviewing and revising the Member Code of Conduct on a regular basis and by ensuring that Members are properly trained. Committee Members also monitor declarations of interest and have a role to play in the event of a complaint against Members of the HFA. However it should be noted that this role does not extend to adjudicating on the question of whether or not a Member of the Authority has or has not breached the provisions of the Code. This is the role of the Member Conduct Panel membership of which is taken from the Elected Members of the Authority.
6. Every Authority is required to have an Audit Committee function and in Humberside this is carried out by the GAS Committee. The Committee is required to provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. To discharge this duty the Committee receive reports on internal control and risk management, internal audit, external audit, performance, risk and programme management. It is proposed that these reports form the standing part of the GAS Committee agenda.
7. It is recommended that the scrutiny function of the Committee should be revised. At the present time the GAS Committee receives all reports destined for the HFA and

scrutinises them before the HFA meeting. This creates a degree of duplication and does not offer the facility to scrutinise and assess the impact of decisions made by the Authority. Neither does it allow the GAS Committee to scrutinise in depth issues that concern themselves, officers or the Authority.

8. The Authority is moving towards a more value added and outcome focused model of governance. This is reflected in the revised approach to internal audit that will be designed to identify improvements that can be made by the Service. In the same spirit it is recommended that the scrutiny function of the GAS Committee is revised so that the Committee will focus its scrutiny role on a number of topics per year. This will enable the Authority to make best use of the scrutiny function of the Committee to identify improvements that can be made in the way in which the Service operates.
9. It is therefore proposed that the routine scrutiny of all reports submitted to the HFA will cease. Instead the HFA, GAS Committee and CMT will propose subjects for in-depth scrutiny. This scrutiny can be forward looking in that the Committee could scrutinise future proposals put before them by officers. Equally HFA Members may ask the Committee to scrutinise a particular issue or Committee Members themselves may wish to focus on a particular subject. In practical terms an annual scrutiny programme could be developed by the GAS Committee. This would provide a more varied and challenging workload for the GAS Committee.
10. A revised terms of reference for the GAS Committee is attached at Appendix A. This shows the proposed amendments to the existing terms of reference as 'track changes'. Extracts from the Constitution setting out the Role of the Independent Co-opted Members of the GAS Committee and the Specific roles of the Chairman of the GAS Committee are attached at Appendixes B and C respectively. There are no proposed changes to these sections of the Constitution.
11. The proposed amendments to the terms of reference of the GAS Committee are as follows:
 - The reference to the meetings of the Committee reflecting the normal cycle of Fire Authority meetings has been removed to reflect the fact that meetings of the Committee will no longer 'shadow' meetings of the Authority.
 - The reference to the Committee receiving reports prior to meetings of the Fire Authority and providing scrutiny in respect of those reports has been removed. This reflects the fact that the Committee will no longer routinely receive all reports to be submitted to the Fire Authority prior to their submission to the Authority but will instead work to its own work programme.
 - The terms of reference include a reference to the Committee setting its own work programme based on a small number of major issues. This makes it clear that the Committee will scrutinise a small number of strategic issues in greater detail.
 - The work programme will be set by the Committee taking into account suggestions for scrutiny topics from the Authority, CMT and the Committee itself.
 - In addition to feeding into the work programme with suggestions for scrutiny topics, the Authority will be able to refer topics for consideration by the Committee on an ad hoc basis. This will enable the Authority, if it considers that a particular topic would benefit from further scrutiny, to refer this to the Committee for such scrutiny.
12. The remainder of the terms of reference would remain as they are at present. In practical terms what is suggested is that the meetings of the Committee would be pre populated with those items of audit business that the Committee is required to carry

out. The remainder of the Committee's work programme would then be decided by the Committee at a workshop where they would decide on a programme of scrutiny topics drawn from suggestions made by the Authority, CMT and the Committee themselves.

13. There is no change in the proposed terms of reference from the present position that the Authority is the decision making body and that the role of the GAS Committee is to consider and make observations to the Authority on the governance, internal control and risk management, internal audit, external audit and performance risk and programme management of the Authority. It is proposed that the scrutiny process is changed in order that the scrutiny work of the Committee is more focussed.

STRATEGIC PLAN COMPATIBILITY

14. The GAS Committee is an integral part of the Governance Framework which ensures we deliver our strategic objectives in the most effective and efficient way.

FINANCIAL/RESOURCES/VALUE FOR MONEY IMPLICATIONS

15. None arising directly.

LEGAL IMPLICATIONS

16. None arising directly though good governance supports legal compliance.

EQUALITY IMPACT ASSESSMENT/HR IMPLICATIONS

17. None arising directly.

CORPORATE RISK MANAGEMENT IMPLICATIONS

18. The GAS Committee provides independent assurance on the adequacy of the risk management framework.

HEALTH AND SAFETY IMPLICATIONS

19. None arising directly.

COMMUNICATION ACTIONS ARISING

20. None arising directly.

BACKGROUND PAPERS AVAILABLE FOR ACCESS

21. None.

RECOMMENDATIONS RESTATED

22. That Members approve the amended terms of reference of the Governance, Audit and Scrutiny Committee attached as Appendix A to this report.

**D SANDERS
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Article 6 – Governance, Audit and Scrutiny Committee

6.1 COMPOSITION

- (a) The membership of the Governance, Audit and Scrutiny Committee shall be determined at the Annual General Meeting of the HFA. The size of the Committee shall be decided by the HFA.
- (b) The HFA may if it considers it necessary or desirable appoint such number of Independent Co-opted Members of the Committee as it shall determine who shall be selected for their relevant expertise, particularly in:
- Audit and financial governance
 - Corporate governance
 - Scrutiny of decision making
- The HFA will approve a selection process and criteria.
- (c) The Chairperson of the Committee may be appointed annually at the Annual General Meeting of the HFA or elected at the first meeting of the Governance, Audit and Scrutiny Committee following the Annual General Meeting.
- (d) The quorum for meetings of the committee shall be decided by the HFA at its AGM.

6.2 FREQUENCY OF MEETINGS

~~There shall be eight ordinary meetings of the Governance Audit and Scrutiny Committee in each year. The Schedule of meetings shall be decided at the Annual General Meeting of the HFA. In addition, extraordinary meetings may be called at such other times as the Committee or Chairperson of the Committee may determine. Meetings shall normally be held eight times each year to reflect the normal HFA cycle of meetings. The Schedule of meetings shall be agreed at the Annual General Meeting of the HFA or at such other times as the Committee or Chairperson of the Committee may determine.~~

6.3 FUNCTIONS

The Governance, Audit and Scrutiny Committee shall have the following functions, unless decided otherwise by the HFA: -

6.3.1 Governance

- (a) To make observations to the HFA concerning its governance arrangements;
- (b) To assist the HFA in promoting and maintaining high standards of conduct by Members, including Independent Co-opted Members, appointed Members of Committees and Officers;
- (c) Generally assisting the Members to observe the Members' Code of Conduct;
- (d) Providing views to the HFA on the adoption or revision of the Members' Code of Conduct;
- (e) Advising, training or arranging to train Members and Officers on matters relating to the Members' Code of Conduct;
- (f) The monitoring of and issues relating to the declaration of interests and offer/receipt of gifts and hospitality by Members and Officers;

- (g) Such other matters in connection with governance as may be specified under this Constitution, or that the HFA may ask the Committee to consider.

In addition the Committee shall receive reports on the following matters (the Committee shall have no delegated authority but may make observations to the Fire Authority):

6.3.2 Internal Control and Risk Management

- (a) To consider the HFA's Annual Governance Statement prior to its adoption to the HFA.
- (b) To maintain an overview of the HFA's Constitution, particularly in respect to the contract procedure rules and financial procedure rules.
- (c) To review any issue referred to it by the Chief Fire Officer & Chief Executive, S.151 Officer or Secretary, or the HFA.
- (d) To monitor the effective development and operation of corporate risk and project management and corporate governance in the HFA.
- (e) To monitor the effectiveness of the internal control environment.

6.3.3 Internal Audit

The Committee shall consider and make observations to the HFA with regard to:

- (a) The Internal Audit Annual Work Programme;
- (b) Internal Audit reports;
- (c) The Internal Audit Annual Report;
- (d) The appointment of an effective and efficient Internal Audit Service; and
- (e) The performance of the Internal Audit Service.

6.3.4 External Audit:

The Committee shall consider and make observations to the HFA with regard to:

- (a) The appointment of External Auditors;
- (b) The External Auditor's Annual Audit letter;
- (c) The Annual Financial Statements and Statement of Assurance;
- (d) Feedback to the External Auditor upon performance of the external audit;
- (e) All External Audit Assessments concerning the Authority;
- (f) The audit aspects of the draft annual financial statements. These aspects will include the External Audit Opinion, the Statement of Members' Responsibilities, the Annual Governance Statement and any relevant issue raised in respect to the annual auditing process. The Committee should, where appropriate, confirm with the Internal and External Auditors that the effectiveness of the internal control system has been reviewed, and comment on this in its Annual Report to the HFA.

6.3.5 Performance Risk and Programme Management

The Committee shall consider and make observations to the HFA with regard to:

- (a) The effectiveness of performance management;
- (b) The achievement of Strategic Plan objectives;
- (c) The achievement of the Integrated Risk Management Plan (IRMP) objectives;
- (d) The achievement of agreed performance indicators;
- (e) The effectiveness of corporate risk management processes;
- (f) The effectiveness of programme management processes;
- (g) The performance of the Humberside Fire and Rescue Service generally;

6.3.6 Scrutiny - Generally

Scrutiny Function

~~(a) The Committee shall~~

~~(a) The Committee shall review and scrutinise decisions of the HFA proposals of the HFA and the implementation of policy at Humberside Fire and Rescue Service~~

~~(b) The Committee shall be responsible for setting its own work programme which shall be tightly focussed on a small number of major issues~~

~~(c) In setting its work programme the Committee will consider items for scrutiny put forward by the HFA, CMT and members of the Committee~~

~~(a)(d) The HFA shall refer business to and seek advice from the Committee as it considers appropriate. Such referrals will be accompanied by an indication of its preliminary view of the matter under consideration receive proposed reports for HFA decisions prior to meetings of the Authority.~~

~~(b)(e) (b) The Committee shall respond as soon as their work programme permits to requests from the HFA to review a particular issue or issues. The role of the Committee will be to provide scrutiny to a report and pass any observations, as it sees fit, to the Authority (such observations will be considered by the Authority as part of its decision making process).~~

~~(c) The Corporate Management Team may consider the observations of the Committee with regard to a particular report and may take into account any observations prior to submitting the report to the HFA. In such circumstances there will be no need for the report to go back to the Committee before being considered by the HFA.~~

~~(d) The HFA may determine from time to time, the matters for discussion that the Committee will consider. For example, the Committee will not consider the Appointment of Senior Officers.~~

~~(e)(f) (e) In exercising its scrutiny role, the Committee will ensure that any observations are non-political and are not designed to displace the functions or responsibility of the HFA Authority. Observations should be~~

~~constructive and supportive, aimed at providing an independent view, essentially on behalf of the communities of the Service.~~

~~(d)(g) (f) The Committee shall make such recommendations as it considers appropriate to the HFA arising out of the scrutiny process. Make such reports or recommendations to the HFA, or Corporate Management Team as it considers appropriate and in accordance with the functions specified in this Article 6;~~

~~(g) Request the Secretary that a matter be added to any agenda for the HFA or Corporate Management Team, provided that at least 10 clear days' notice is given of such a request. All reasonable steps shall be taken to provide a written report on the matter to the meeting, but where this is not possible, an oral report shall be given;~~

~~(h) The right to make a request under paragraph 6.3.6 (g) shall be vested in the Chairperson of the Governance, Audit and Scrutiny Committee or any three Members of that Committee;~~

~~(i) Where the Governance, Audit and Scrutiny Committee considers that a matter requires urgent consideration by the HFA then the Governance, Audit and Scrutiny Committee shall have power to request a meeting of the HFA in accordance with Rule 6.3.6 (g).~~

6.3.7 Additional Powers

- (a) The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires from any employee. All employees are directed to co-operate with any request made by the Committee.
- (b) The Committee is authorised to obtain outside legal or other independent advice and to secure the attendance of non-members with relevant experience and expertise if it considers this necessary, normally in consultation with the Secretary, Chief Fire Officer & Chief Executive and Chairperson of the HFA. However, it may not incur direct expenditure in this respect without the prior approval of the HFA.

6.4 POWER TO ESTABLISH SUB-COMMITTEE OR PANELS

- (a) The Governance, Audit and Scrutiny Committee shall have the power to establish a sub-committee of the Members of the Committee and any such sub-committee shall be authorised solely to make recommendations to the Governance, Audit, and Scrutiny Committee.
- (b) The Governance, Audit and Scrutiny Committee shall be entitled to establish such panels or groups as it considers necessary to assist in the discharge of its functions. No delegated authority shall be granted to such a panel and the composition of a panel shall not be confined to the Members of the Committee and the rules of political proportionality shall not need to apply.

6.5 ANNUAL REPORT AND MINUTES

- (a) The Committee shall report annually to the HFA upon the discharge of its functions;
- (b) Minutes of the Committee will be circulated to all Members of the HFA and shall be included as an agenda item on the HFA;

- (c) The Chairperson of the Committee will be invited to present the minutes at the meeting of the HFA and to respond to any questions that the HFA may have in respect to any matter concerning the Committee.

3. ROLE OF INDEPENDENT CO-OPTED MEMBERS OF THE GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

PURPOSE

As the Members of the Governance, Audit and Scrutiny Committee (whether Independent Co-opted Members or otherwise), to foster and maintain high standards of governance and conduct in the HFA and to ensure adherence to the Code of Conduct by promoting an independent and non-political view during the setting and monitoring of high ethical standards of behaviour and probity.

KEY ROLES

In accordance with the roles and functions of the Governance, Audit and Scrutiny Committee set out in Part 2 Article 6.2 of this Constitution, Members' key roles through the Governance, Audit and Scrutiny Committee will be to:

- (a) Jointly with the other Members of the Committee:
- (i) drive the scrutiny process through enthusiastic and active involvement and engagement;
 - (ii) consider issues coming before the Committee and, where appropriate (provided this does not delay HFA decision making), refer these issues for further examination by any working parties set up by the Committee;
 - (iii) contribute to the good government of our area by monitoring decision-making, standards of service provision and examining policy issues
 - (iv) monitor the work of the HFA and Officers in carrying out the HFA policy;
 - (v) hold to account Officers for their actions in carrying out HFA policy and require the Chairperson of the HFA to answer questions on any relevant matter;
 - (vi) investigate the basis on which major decisions are taken and, where they are inconsistent with HFA policy;
 - (vii) monitor the HFA's performance through Internal Audit reports and by scrutinising services which are not meeting their targets or where performance is falling;
 - (viii) investigate the quality of services provided;
 - (ix) monitor and review, where appropriate, the performance of outside public bodies and other service providers and their impact on the quality of life of those living in, working in, or visiting our area through investigation and research;
 - (x) commission research;
 - (xi) promote and maintain high standards of conduct and behaviour in all areas of HFA activity;

- (xii) advise the full HFA on the adoption or revision of the Members' Code of Conduct;
 - (xiii) assist Members to observe the Members' Code of Conduct;
 - (xiv) monitor the operation of the Members' Code of Conduct;
 - (xv) advise, train or arrange training on any aspect of conduct and behaviour relating to the Members' Code of Conduct;
 - (xvi) support the Monitoring Officer in discharging his or her duties;
 - (xvii) consider any report referred to it in respect to the Member Code of Conduct;
 - (xviii) ensure the HFA's complaints procedure operates effectively and in particular; receive and review regular reports on its operation;
 - i. adjudicate on unresolved complaints when the HFA's internal procedures have been exhausted and which relate to breaches of the HFA's Code of Conduct; and
 - ii. review information gained from the operation of the system, including the payment of compensation in appropriate cases.
 - (xix) if required, perform a role in respect to the Member Code and procedure in support.
- (b) Individually or jointly with other designated Members:
- (i) participate constructively in the Committee's activities;
 - (ii) participate in the reviews of HFA's services in respect to value for money, efficiency and effectiveness;
 - (iii) participate constructively on working parties carrying out investigations or reviewing existing HFA policies and making recommendations on the development of new policies; and
 - (iv) assist in writing reports.

6. SPECIFIC ROLES OF THE CHAIRPERSON OF THE GOVERNANCE, AUDIT AND SCRUTINY COMMITTEE

The Chairperson of the Governance, Audit and Scrutiny Committee will direct and steer the Committee towards the fulfilment of its specific functions and objectives by:

- (a) ensuring, with relevant employees, the effective programming of projects determined by the Committee for inclusion in its annual workstreams;
- (b) developing links with other public bodies;
- (c) encouraging Members to take the lead in setting its annual workstreams and carrying out investigations by ensuring that the scrutiny skills of new Members are developed and that all Members are engaged in the process;
- (d) ensuring that adequate resources (financial and Officer support) are provided and that any pitfalls are resolved or minimised; and
- (e) develop a constructively critical relationship with Officers.

