

APPENDIX 1

INTERNAL AUDIT REVIEW OF COMMITTEE SYSTEM

Introduction

This report sets out summarised findings from a planned internal audit review (2021/22) in respect of the Committee system.

This audit work is not intended to be a post-implementation review but may assist to feed into this post project phase due to be undertaken by the Committee Services team.

Given that the Committee system of governance is integral to council business and the decision-making process, collective corporate responsibility and ownership will assist addressing the risks, issues and recommendations raised in this report.

It is acknowledged that the Committee System Working Group (CSWG) and Committees team are considering and pursuing necessary developments to enhance the way the new Committee system operates (as recently advised), and some of these measures may contribute towards progressing audit recommendations. All high priority audit recommendations are included at **Appendix 2**.

Objective of the Audit

To consider the robustness of the new Committee system implemented in May 2021. Assess in terms of delivering governance objectives around transparency, accountability, credibility, timeliness, and collaboration, and enabling strengthened decision making.

Scope of the Audit

The scope of this audit is focussed primarily on providing assurance regarding the governance arrangements in place relating to the new Committee System and has considered the following areas:

- Understanding and awareness of the Committee System amongst Members and Officers, and how it should effectively operate
- Clarity of roles, responsibilities, and remit across the various Committees
- Processes in place to ensure governance standards, requirements, and key objectives of the new Committee System (as defined at the outset) are established, integrated into processes, and being met
- Mechanisms and arrangements to ensure effective scrutiny of decisions takes place and whether new arrangements in any way compromise division of duties given that the scrutiny role now sits with the service Committees
- In implementing the Committee System, that corrective action is being taken to address any teething issues and ongoing concerns identified

The original scope set out above has been expanded to consider wider risks and issues highlighted during the audit, in particular acknowledging that the

implementation of a new Committee system presents a governance structure with greater demands on resource and time, further exacerbating the corporate risk around overstretched corporate capacity and the pressures being felt across the Council. The adverse consequences associated with overstretched corporate capacity have previously been highlighted when reporting on the Council's Corporate Risk Register and should not be underestimated.

Key Matters Arising

Following the Monitoring Officer's departure in March 2022, the Interim Group Head Corporate Governance (Monitoring Officer) in collaboration with Management Team and Members will play a key role in continuing to address the recommendations raised in this audit report. These are set out at Appendix 2 to this report.

Areas of good practice (Points 1 to 3)

1. The establishment of the Committee System as a corporate project has been well executed by the Project Manager (previous Deputy Group Head of Transformation) and the Corporate Governance Support Officer under the direction of the former Group Head of Corporate Governance. This flagship project was established and delivered within a shortened timeframe of 9 months to accommodate Full Council's request to implement the system at a pace. Simultaneously, Officers effectively implemented a Committee System form of governance whilst continuing to manage the impact of the pandemic.
2. External expertise was sought and provided by Hoey Ainscough Associates Ltd as the consultants in a transition to a Committee System form of governance. The existence of a Councillor Committee System Working Group at the project stage ensured that representative views of all political groups were taken into consideration on the design of the system and that the project programme and timelines defined at the outset were met.
3. There is evidence of sound governance processes and arrangements pursued during the transition phase in planning for the new Committee System and this included reports to Members regarding the proposed approach; approvals at key stages; recognition of the need to comply with the key objectives defined at the outset; identification of risks and mitigation measures; and the public consultation promoting transparency and engagement with residents. Communication of changes and delivery of training to Officers and Members was evident. Additional recruitment within the Committee Services Team to support the change was noted. Combined with this, the significant updating of the Council's Constitution took place to meet the requirements of the new Committee System.

Risks and Issues requiring attention and action (Points 4 to 8)

4. Audit review established that the implementation of the key objectives (as defined at the outset of the project) of Accountability, Credibility, Transparency, Collaboration and Timeliness are not adequately established or fully integrated into the new Committee system. The tight timeframes for delivery of this project could potentially be a factor that has contributed to the current issues and

challenges identified in this audit. The role of the Committee System Working Group is key in reviewing the continued effectiveness of the new Committee System and monitoring the achievement of the key objectives defined at the outset.

5. Delayed and inefficient decision making partly attributed to the call-in procedure is a key finding. With regard to achieving the Council's property development targets / housing delivery programme, it is apparent that the heightened risk of delayed decision-making and the associated costs of non-development is significantly impacting on Council business, finances, and timeframes for delivering corporate priorities and service objectives.
6. The current level of collaboration across different Committees as well as varying skillsets and experience is not particularly conducive to effective and informed decision making.
7. The new Committee system does not appear to have embedded increased overview and scrutiny. The former Group Head of Corporate Governance reported at the Audit Committee on 25 November 2021 that the Committee System Working Group would be reconvening from January 2022 including addressing how the overview and scrutiny role can be better embedded. Internal Audit were advised at the time of concluding this audit that discussions in the CSWG were underway in terms of how this can be achieved under the current committee structure.
8. The increased demands on resource and time under the Committee system is a recurrent theme identified during the review, further exacerbating the corporate risk around overstretched corporate capacity and the significant workload pressures being felt across the Council. There are many adverse consequences associated with overstretched corporate capacity as highlighted in the Council's Corporate Risk Register, and the current position is untenable. One consequence is the adverse impact on health and wellbeing and staff morale.

Further safeguards and measures (Point 9)

9. It is acknowledged that safeguards and wider initiatives are in the process of being put in place to help address the challenges being presented by the new Committee System. These are set out below:
 - Commissioning a survey to seek Councillors' views on the new Committee System and the next steps will involve the Committee System Working Group reviewing feedback, identifying common themes, and outlining specific actions to consider how we can improve
 - Commissioning a survey to seek Officers' views on the new Committee System and the next steps will involve reviewing feedback and identifying common themes to consider how we can improve
 - Alleviating the level of reading material and removing 'To Note' reports
 - Continuation of virtual basis briefings

- The Committee Team are working closely with Richmond Council to share experiences and apply best practice. Practices at other Councils operating a committee system are also being explored.

Feedback (Points 10 to 12)

10. As mentioned earlier in this report, the CSWG has considered the Member survey feedback and will be reporting on specific actions in due course.

11. The audit review presented a timely opportunity for Internal Audit to make some initial observations regarding the Member survey feedback. Upon reviewing the Member responses (53% response rate), Internal Audit can confirm that a few responses aligned with key themes and issues arising from Officer feedback received in November 2021 during the audit review. These include:

- No overarching consensus that the new Committee System meets the key governance standards / objectives
- Roles and responsibilities appear unclear, including Terms of Reference for each Committee, as well as redefining protocol for working within the Committee System
- The need to build and strengthen effective working relations giving due regard to embedding respectful behaviours at all levels of the Council. This in turn will facilitate more productive discussions enabling better informed decision making.
- Committee system is inflexible, so decisions delayed
- The Committees are working disparately and as such there is a failure of joined up thinking and collaboration of cross cutting themes
- There appears to be too many Committees and the workload is very high. Furthermore, it appears to enfranchise some Members with decision making powers who may lack the necessary knowledge or skillset to make or significantly influence those decisions being made
- Absence of an Overview and Scrutiny Committee has been highlighted in terms of lack of scrutiny function
- There are too many Committees and Sub Committees with the authority either by vested power or by number of votes able to veto decisions made by other Committees and Sub-Committees. This means that initiatives / projects either stall or take a very long time to arrive at a decision / conclusion
- Decision making is hard and slow
- Decisions are not being made efficiently

There were several positive comments received from Members regarding the new Committee System, in particular acknowledging and placing value on the core democratic and transparent principles that underpin it. They also noted the inevitable teething problems as with any new system.

12. Further issues and themes arising from Officer feedback (obtained during the Internal Audit review) include:

- Scope for clear protocol at meetings
- Political tension prohibiting smooth running of meetings
- High level of Intra-party complaints

- Little adherence to the Member Code of Conduct
- Poor attendance by Councillors at Committee meetings
- Ineffective decision making
- Significant delays in decision making relating to Property Development
- Inadequate training / skillset
- Roles and responsibilities not clearly defined, with officer perception that there is a high level of Member involvement in operational aspects of Council activity
- Scope to streamline the number of reports due to unrealistic expectations and turn-around times on reports
- Significant time commitments and lack of productivity in Committee meetings
- Additional work has been requested without reference or consideration of any budget available to fund the work
- Where Member announcements are made publicly in Committees, this gives the impression that their decisions are final before any decision has been made by the Corporate Policy and Resources Committee to establish whether funding is available

Assurance Opinion – Please refer to Appendix 1A for description of opinions

The following level of assurance has been given in respect of the Committee system for 2021/22:

Major Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
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Acknowledgement

Internal Audit wish to acknowledge and thank Members, the Management Team (MAT), the Monitoring Officer (Group Head of Corporate Governance), Group Heads and Managers from across the Council for their assistance during the course of this audit.

Internal Audit
April 2022

Appendix 1A

Assurance Opinion - Definition

Effective	Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Some Improvement Needed	A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.
Major Improvement Needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.
Unsatisfactory	Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Priority

High 	Urgent action required to reduce exposure to high risk/ major adverse impact on achievement of organisational objectives.
Medium 	Action required to avoid exposing the organisation to significant risks.
Low 	Desirable action to enhance control, improve value for money and minimal impact on organisational objectives.