Birmingham City Council

Report to Corporate and Finance Overview and Scrutiny Committee

24 January 2024

Title:	**DRAFT AUDIT AND SCRUTINY MEMORANDUM OF UNDERSTANDING**
Lead Member:	Councillor Sir Albert Bore, Chair of Corporate and Finance OSC, Andrew Hardingham, Independent Chair Audit Committee
Relevant Overview and Scrutiny Committee:	Not Applicable
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	Not Applicable
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Authorised by:	Marie Rosenthal, Monitoring Officer and City Solicitor Legal and Governance
Is this a Key Decision?	Not Applicable
Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:	Not Applicable
Is this a Late Report?	Not Applicable
Reason(s) why Late and confirm who has authorised it to be considered:	Not Applicable
Is this decision eligible for 'call in?'	Not Applicable
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not Applicable

Wards: Not Applicable

Does this report contain exempt or confidential information?	Not Applicable
Has this decision been included on the Notification of Intention to consider Matters in Private?	Not Applicable
Reasons why not included on the Notification and confirm who has authorised it to be considered:	Not Applicable

1 EXECUTIVE SUMMARY

1.1 The Centre for Governance and Scrutiny report to Cabinet in December 2023 recommended that there should be a strengthening of the working relationship between the Chairs of Scrutiny Committees and the Chair of the Audit Committee to lead and direct the functions.

1.2 In addition to the work recommended in the report the relationship between Audit and Scrutiny has been further strengthened through the development of a draft Memorandum of Understanding as agreed in the Overview and Scrutiny Development Plan. The draft Memorandum of Understanding has been developed following research on the relationship between Audit and Scrutiny in other local authorities and also participation by the Chair of Corporate and Finance Overview and Scrutiny Committee and the Independent Chair of Audit Committee in the Centre for Governance and Scrutiny Pilot.

2 COMMISSIONERS' REVIEW

2.1 The implementation and success of this Memorandum of Understanding will be a crucial target for the Committee administration team. Good committee support services should be able to alert and guide their respective committees to responsibilities of other bodies with an interest and ensure that matters are promptly referred to feature on all appropriate agendas.

3 RECOMMENDATIONS

That the Committee:

3.1 Considers the draft Audit and Scrutiny Memorandum of Understanding attached at Appendix A and agree any comments / amendments.

3.2 Agrees to consider a final draft and comments from the Governance Board at a future Committee meeting.

4 KEY INFORMATION

Context

4.1 The Centre for Governance and Scrutiny's Governance Stabilisation Plan report considered at Cabinet on 12 December 2023 CMIS > Meetings recommended that the Council should:

- Strengthen working relationships between the Chairs of Scrutiny Committees and the Chair of the Audit Committee to lead and direct the function
- Put in place new arrangements for the support of the internal audit function, the audit committee, and the links between audit and scrutiny

4.2 Since September 2024, the Chair of Corporate and Finance O&S Committee and the Independent Chair of Audit Committee have met to discuss the roles and responsibilities of the Committees the respective work programmes and also participated in the Centre for Governance and Scrutiny Pilot on Audit and Scrutiny. The Independent Chair of Audit Committee has met with the Overview and Scrutiny Chairs.

4.3 In addition to work outlined above, a draft Memorandum of Understanding (MoU) has been developed which aims to achieve an effective working relationship through a clear understanding of respective roles, effective communication and work planning. The draft MoU will be considered by both the Corporate and Finance Overview and Scrutiny Committee and Audit Committee for comment before a final draft is developed.

4.4 Members are asked to reflect on the learning points identified through the Centre for Governance and Scrutiny Pilot set out below:

- Local Authorities have a range of arrangements that undertake Overview and Scrutiny Committee and Audit Committee functions.
- The roles and remits of the Audit and Scrutiny Committees including the membership arrangements reflect the degree to which these are seen as independent or related functions.
- The recognition that the committee work programmes are live documents and that sharing work programmes will allow Audit and Scrutiny Committees to identify if they have the same issues on the work programme and provide clarity on the purpose of these items within the Committees terms of reference.
- When considering a report at a committee meeting members should be mindful how they use information on the same issues that have been provided to another Committee / Board.
- The development of the draft Audit / Scrutiny MoU has been identified as an example of good practice by other authorities taking part in the Centre for Governance and Scrutiny pilot.

5 RISK MANAGEMENT

5.1 The draft MoU recognises the role and responsibilities of Audit Committee and Scrutiny Committees in relation to risk governance and management.

6 MEMBER ENGAGEMENT

Ward Councillor(s)

6.1 Not applicable.

Overview and Scrutiny

6.2 Not applicable.

Other

6.3 Not applicable.

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 There are no financial implications arising from the recommendations in this report. The MoU set out opportunities for joint working between Audit Committee and Overview and Scrutiny Committees in relation to value for money. The work undertaken by the Audit Committee and the Overview and Scrutiny Committee will be conducted by an in-house team and will remain within funding already allocated in the budget.

Legal

7.2 There are no legal implications arising from the recommendations in this report. The MoU is a working agreement between Audit Committee and Overview and Scrutiny and does not form part of the Council's constitution or formal governance arrangements.

Equalities

7.3 There are no equalities implications arising from the recommendations in this report.

Procurement

7.4 There are no procurement implications arising from the recommendations in this report.

People Services

7.5 There are no staffing implications arising from the recommendations in this report.

Climate Change, Nature and Net Zero

7.6 There are no climate change, nature and net zero carbon implications arising from the recommendations in this report.

Corporate Parenting

7.7 There are no implications or opportunities in relation to the Corporate Parenting responsibility arising from the recommendations in this report.

Other

7.8 There are no other implications arising from the recommendations in this report.

8 APPENDICES

8.1 Appendix A: Draft Audit and Scrutiny Memorandum of Understanding.

9 BACKGROUND PAPERS

9.1 There are no Background Papers.