

**Teignbridge District Council
Full Council
Tuesday 29th July 2025
Part I**

Changes to the Constitution - Audit Scrutiny, Procedures and Standards Committees

Purpose of Report

To seek approval from the Council to change the Constitution relating to the Audit Scrutiny, Procedures and Standards Committees to rename the Audit Scrutiny Committee and the formation of a Governance Committee.

Recommendation(s)

The Council RESOLVES to:

- (1) Change the Council's Constitution to rename the Audit Scrutiny Committee to the Audit Committee.
- (2) Approve the Audit Committee's Terms of Reference as detailed in Appendix 1.
- (3) Change the Council's Constitution to combine the Procedures and Standards Committees into the Governance Committee.
- (4) Approve the Governance Committee's Terms of Reference as detailed in Appendix 2.
- (5) To appoint the Chairs, Vice Chairs and Members of the Audit Committee and the Governance Committee in the subsequent agenda item (Committee Seat Allocation).

Financial Implications

There are no financial implications arising from this report. The same level of Members' allowance will be payable in the new structure.

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Legal Implications

The implementation of a Governance Committee addresses one of the statutory recommendations made by Council's external auditor, Grant Thornton, as agreed by

[full Council 25th February 2025](#). A statutory recommendation is a formal notice under section 24 and schedule 7 of the Local Audit and Accountability Act 2014. If a Council fails to implement a statutory recommendation, and it is considered serious enough, the matter may be escalated for further regulatory action.

The proposed Audit Committee Terms of Reference are in line with the Chartered Institute of Public Finance Accounting best practice guidance, and the Accounts and Audit Regulations 2015.

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Risk Assessment

The proposed change strengthens the Council's governance and addresses a statutory recommendation. Failure to implement it could result in increased reputational damage, erosion of public trust, and further regulatory intervention.

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Environmental/ Climate Change Implications

None.

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Appendices/Background Papers

Appendix 1 – Proposed Terms of Reference for the Audit Committee

Appendix 2 – Proposed Terms of Reference for the Governance Committee

1. Introduction/Background

1.1 The Council's current governance arrangements and Committee structure include the Audit Scrutiny Committee, the Procedures Committee and the Standards Committee.

1.2 The report seeks the Council's agreement to change the Constitution, governance arrangements and Committee structure to rename the Audit Committee and merge the Procedures and Standards Committees to a Governance Committee.

2. Overview of the current Committees

2.1 The current Audit Scrutiny Committee currently discharges the Council's Audit Committee role relating to oversight of the arrangements for financial management of the Council, risk management, internal audit, external audit and corporate governance. The Committee currently has 8 Members and has recently concluded a recruitment process to appoint an Independent Member

2.2 The Procedures Committee currently reviews the operation of the Council's constitution, standing orders, conventions and working practices. The Committee also oversees the Council's member development and training programme and makes recommendations to the Council on the Scheme of Member's Allowances. The Committee currently includes the Chair of the Council (as Chair), all Group Leaders and 2 additional Members from each Group.

2.3 The Standards Committee's role includes the promotion and maintenance of high standards of conduct by Councillors and Co-opted Members, to advise the Council on the Members' Code of Conduct, training relating to the Code of Conduct, the local filtering of complaints and dispensation requests and conducting local hearing and the determination of sanctions should a breach of the code of conduct be found. Local hearings are heard by sub-committees of the Standards Committee. The Committee currently has 6 Elected Members and 4 Independent Persons.

3 Proposed Changes and justifications

Audit Committee

3.1 The proposed change is to rename the Audit Committee. The proposed Terms of Reference is included in Appendix 1.

3.2 The current name of the Audit Scrutiny Committee is misleading; Audit Committees are distinct from Overview and Scrutiny Committees with different purposes and skill sets needed from their Members. The proposed change would clarify the role of the Audit Committee and reinforce the difference between Audit and Overview and Scrutiny.

3.3 The Audit Scrutiny Committee is currently undergoing a review against the Chartered Institute of Public Finance Accountant's (CIPFA) best practice guidance. The Council's [Internal Audit Plan and Charter 2025-2026](#), as approved by the Audit Scrutiny Committee on Wednesday 18th June 2025, makes reference to the Audit Scrutiny Committee's terms of reference being updated and the Committee being renamed to the Audit and Governance Committee. However, because of the wide remit of the Audit Committee, its expected workload and the Grant Thornton Recommendation below it is proposed that the name is changed to just the Audit Committee. This is in-keeping with CIPFA guidance to have a dedicated Audit Committee.

Governance Committee

3.4 It is proposed that the Council's Procedures Committee would be abolished and its functions merged into the Standards Committee, which will be re-named the Governance Committee. The Governance Committee's proposed Terms of Reference is included in Appendix 2.

3.5 The Council's external auditor Grant Thornton made [6 recommendations](#) to Council under Section 24 of the Local Audit and Accountability Act 2014. Statutory Recommendation 6 recommended that a Governance Committee be introduced to reinforce the work of the Standards Committee. These recommendations were agreed by Council on Tuesday 25th February 2025.

3.6 With the formation of the Constitution Working Group working with the Centre for Governance and Scrutiny, this has negated the formal role of the Procedures Committee's role in reviewing the Constitution and working practices. The Group's terms of reference state that agreed changes from the Group go straight to Full Council for approval. The Constitution Working Group will continue to meet going forward and Member's feedback on the Group and its work has been positive.

3.7 As a result, the Procedures Committee has met infrequently over the past few years, meeting twice in 2024 and once so far in 2025. There are currently no planned meetings of the Procedures Committee.

3.8 With the creation of a regular Governance Committee, there would be additional opportunities to bring items to that Committee around the Member Development Programme and reports detailing Committee Effectiveness reviews and the monitoring of standards of Committee meetings rather than call stand-alone meetings of the Procedures or Standards Committees to consider a short or single item agenda.

4. Alternative Options

4.1 The Council could choose to keep all three Committees separate and continue with Audit Scrutiny, Procedures and Standards Committees.

4.2 The Council could choose to keep all three Committees separate and just rename the Audit Scrutiny Committee to the Audit Committee.

4.3 The Council could choose to merge the Audit Scrutiny, Procedures and Standards Committee into an Audit, Governance and Standards Committee. However, this Committee would have a very large remit risking a loss of focus on its core audit oversight functions and impairment to its independence. It would also be against CIPFA best practice guidance.

5. Conclusion

5.1 The report seeks the Council's agreement to change the Constitution, governance arrangements and Committee structure to rename the Audit

Committee and merge the Procedures and Standards Committees to a Governance Committee.

5.2 The Chair of the current Audit Scrutiny Committee has been consulted on the proposals and this report.

Appendix 1 – Proposed Terms of Reference for the Audit Committee

Membership: All Councillors except Members of the Executive may be Members of the Audit Committee. The Committee has eight members who are elected councillors and who are appointed at the Annual Meeting of Full Council. The Committee will also appoint up to two Independent Members, who are non-voting.

Areas of Work: Its role is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. In this regard, the Audit Committee will be attended by Chief Finance Officer and the Head of Internal Audit or their nominated deputies.

Its responsibilities include:

(a) Financial Management of the Council:

- To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- To review and approve the authority's financial statements and annual accounts. 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.
- To approve the Council Tax Base.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- To consider a report from the Chief Finance Officer (or relevant responsible officer) on agreed recommendations which have not been implemented within a reasonable timescale.

- To maintain an overview of the Council's Constitution in respect of contract procedure rules or financial regulations and maintain oversight of any exemptions or waivers.

(b) Internal Audit:

- To review and approve the internal audit charter and internal audit plan, including the scope of internal audit work and its resourcing requirements.
- To consider The Head of Internal Audit's annual report and opinion, including a summary of internal audit activity; a statement on the level of conformance with audit standards; and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider reports from the Head of Internal Audit on internal audit performance during the year, to include key findings; acceptance of recommendations; and the results of follow-up audits relating to previously agreed audit recommendations.
- To consider summaries of specific internal audit reports as requested;
- To consider reports dealing with the management and performance of the providers of internal audit services.
- To facilitate private meetings with the Head of Internal Audit, as may be required.

(c) External Audit:

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider any statutory recommendations or public interest reports issued by the external auditor.
- To monitor the scope and depth of external audit work and to ensure it gives value for money.
- To facilitate opportunities for private meetings with the external auditor as may be required.

(d) Other corporate governance matters:

- To monitor the effective development and operation of risk management and corporate governance in the Council.
- To monitor progress addressing risk related issues.

- To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- To review and approve the Annual Governance Statement and consider whether it is commensurate with the assurances received by the committee during the reporting period.
- To consider the arrangements to secure value for money and review the effectiveness of these arrangements.
- To review the assessment of fraud risk and to monitor policies on 'Raising Concerns at Work', anti-fraud and anti-corruption.
- To receive reports on the Council's use of investigatory powers under the Regulation of Investigatory Powers Act 2000.

Appendix 2 – Proposed Terms of Reference for the Governance Committee

Membership: All Councillors may be Members of the Governance Committee.

The Committee has six members who are elected councillors and who are appointed at the Annual Meeting of Full Council. The Committee will also have up to four independent non-voting persons co-opted to the support the work of the Committee in relation to its Standards remit.

Areas of Work: Its role is to advise the Council on the operation of its Constitution, Governance and decision-making arrangements, on the adoption and revision of the Members Code of Conduct and for monitoring the operation of the code.

(a) Governance arrangements:

- To review the operation of the Constitution, its Standing Orders, conventions, codes, protocols, calendar of meetings and working practices;
- To make recommendations to the Council to make changes to the Constitution;
- To oversee the Council's programmes for member development and training;
- To make recommendations to the Council on its Scheme of Members' Allowances; and

- To consider findings of maladministration and Public Interest Reports issued by the Local Government and Social Care Ombudsman.

(b) Standards

In undertaking its responsibilities (below), the Committee may appoint sub-committees to deal with its business as follows:

- To promote and maintain high standards of conduct by Councillors and co-opted members;
- To advise the Council on the adoption or revision of the Members' Code of Conduct;
- To advise or train councillors, co-opted members and parish / town councillors on matters relating to the Members' Code of Conduct;
- To be responsible for the Council's procedures for investigating and responding to complaints.
- To deal with the local filtering of complaints (including in respect to parish and town councillors), advise on declarations of interests and grant dispensation requests (where these are not dealt with by the Monitoring Officer under delegated powers);
- To conduct local hearings and determination of sanctions should a breach of the code of conduct be found; and in such cases:
 - a) the sub-committee membership be limited to 3 members of the committee, selected to sit on the particular sub-committee according to their availability;
 - b) when dealing with complaints about a parish / town councillor, the sub-committee should also include a non-voting parish / town council representative; and
 - c) at least one independent person should be consulted by the sub-committee (or full committee as appropriate) prior to determination of any complaint or otherwise as required by law.