

DRAFT MEMORANDUM OF UNDERSTANDING FOR OVERVIEW & SCRUTINY COMMITTEE AND AUDIT & GOVERNANCE COMMITTEE

1. Introduction

This Memorandum of Understanding (MoU) is a statement of the commitment by the Audit & Governance Committee and the Overview & Scrutiny Committee to build an effective working relationship through a clear understanding of respective roles and effective communication and work planning. The MoU is not a formal part of the Council's governance arrangements, and it is not specified in the Council's Constitution.

2. Audit and Scrutiny Functions

The purpose of the Audit & Governance Committee and the Overview & Scrutiny Committee are set out in the Council's Constitution. The role of the Audit & Governance Committee differs from that of the Overview & Scrutiny Committee in that the role of scrutiny is to review policy, make recommendations and challenge whether the Executive has made the right decisions to deliver policy goals. The Audit & Governance Committee provides independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and affects the control environment, and oversight of the financial reporting process. The different roles of the two committees can be summarised as:

- Audit & Governance Committee considers: Is the Council doing things in the right way? (e.g. are the correct procedures in place and are they being followed?)
- Overview & Scrutiny considers: Is the Council doing the right thing? (e.g. Do Council policies achieve the best outcomes for the District? How can policies be improved?)

Although the Audit & Governance Committee's work programme is driven largely by statute, and the governance and financial reporting cycle, there is a potential overlap between the work of the Audit & Governance Committee and the Overview & Scrutiny Committee.

This Memorandum of Understanding (MoU) captures the working arrangements relating to work programme planning, meetings for the Chairs of Overview & Scrutiny and Audit & Governance Committee, risk management, and opportunities for joint working.

The MoU should be read in conjunction with other sections of the Constitution of East Lindsey District Council.

Advice on the interpretation and application of this MoU will be given by the Monitoring Officer.

3. Purpose of the Memorandum of Understanding

The general purpose of this MoU is to set out how the Chairs of both A&G and Overview will work together to complement the functions of their respective Committees. In more specific terms, the MoU seeks to: -

- a. Establish a positive framework for audit and scrutiny to work effectively.
- b. Maximise collaboration of Chairs of both Scrutiny and Audit in particular and the respective Committees in general.
- c. Promote and maintain an ethos of mutual respect and trust in the relationships between Scrutiny Members, Audit Committee Members, and officers in a climate of openness to enable a constructive and challenging debate.
- d. Support scrutiny and audit roles meant to enhance governance frameworks and hold the Executive to account by monitoring the effectiveness of policies and through regular, proportionate, and focused review of performance in relation to services.
- e. Ensure that scrutiny and audit committees add value and impact in the implementation of the Sub-Regional Strategy and the Alignment & Delivery Plan, risk management and other areas of mutual interest, and
- f. Outline the parameters of cooperation between the two Committees.

4. Work Programmes

At least twice per year, the Chair of the Audit & Governance Committee and the Chair of the Overview & Scrutiny Committee shall share work programmes / agendas, consider cross-cutting issues, and determine where and how they should be dealt with. Officers may be invited to attend this meeting to brief the Chairs on specific issues.

5. Risk Management

Audit Governance Committee considers the Council's approach to risk management to seek assurance that the Council effectively manages its key risks, exposure and mitigations. Where the Overview and Scrutiny Committee identifies a potential risk, this will be communicated to the Audit & Governance Committee and recorded in their Action Tracker. The potential risk will be considered, and a response provided.

6. Quarterly Meetings

The Chair of the Audit & Governance Committee and the Chair of the Overview & Scrutiny Committee shall meet at least twice a year to discuss matters of mutual interest. At each Chairs meeting there shall be a standing agenda item entitled "Items for referral A&G / Overview."

7. Practical opportunities for joint working on value for money and financial scrutiny

The Chair of the Audit & Governance Committee may invite comment(s) from the Chair of the Overview & Scrutiny Committee on the external auditor's findings on value for money. The Chair of the Overview & Scrutiny Committee may also invite comments from Audit on certain aspects of financial scrutiny and the budget implementation.

8. Procedure for Referral of Issues

In the event of the Audit Committee identifying an issue to refer to the Overview and Scrutiny Committee, or the Overview and Scrutiny Committee identifying an issue to refer to Audit Committee, the issue, the reasons for referral and the purpose must be clearly understood and specified in the minutes. The referral will be considered by the Chair of the relevant Committee for inclusion in the Committee's work programme or for discussion with the Committee.

9. Administrative Support and Procedural Advice

The Scrutiny & Policy Officer shall be responsible for arranging and coordinating the meetings of the Chair of the Audit Committee and the Chair of the Overview and Scrutiny Committee. The Officer so designated shall provide administrative support and procedural advice to the Chairs as well as keep a record of all the key issues raised and discussed at the meetings where required.

10. Code of Conduct during meetings and other forms of engagement

The Code of Conduct for Members, and all the applicable Protocols that are part of the Constitution of East Lindsey District Council shall apply to all the interactions between the Chair of the Audit & Governance Committee and the Chair of the Overview & Scrutiny Committee.

11. Effective Date

The MoU shall become operational on the date it is approved by resolutions of both the Audit & Governance Committee and Overview & Scrutiny Committee.

12. Review

The MoU will be reviewed annually or as required.

Approved by Audit & Governance Committee on:	Approved by Overview and Scrutiny Committee on:
Signature of Chair:	Signature of Chair: