

Information/Discussion Paper

Audit committee - 23 March 2011

Commissioning and governance issues

1. Why has this come to audit committee?

- 1.1 At the previous meeting of the committee, members asked whether the role of the audit committee may change and also how governance issues may be impacted by the council's ambition to become a commissioning council by 2012.
- 1.2 A small cross party working group has been established which is looking at the role of members and presentations have been made to each of the overview and scrutiny committee. This paper sets out some thoughts about the role of the audit committee but also some of the wider governance issues.

2. Summary of the Issue

- 2.1 Since the council first agreed to explore the concept of commissioning, the coalition government have set out a number of policy statements which redefine the role of the state and the underlying principle of decentralisation, which include:
 - Lifting the burden of bureaucracy
 - Empowering communities to do things their way
 - Increasing local control of public finance
 - Diversifying the supply of public services
 - Opening up government to public scrutiny
 - Strengthening accountability to local people.

3. Governance issues in a commissioning environment

- 3.1 The council already has a code of corporate governance and produces an annual governance statement. This picks up a number of issues which support good commissioning but we will need to consider whether as the commissioning framework develops, the elements of the code need to be updated and amended.
- 3.2 The matter has already been considered by the Corporate Governance Group at their last meeting and it was agreed that the key policies which underpin good governance such as anti fraud and corruption, whistle blowing, codes of conduct will need to be reviewed and updated accordingly and determine what elements we would want to build into contracts with third parties.
- 3.3 Contracts and service level agreements already contain sections to ensure good governance arrangements but as the scale of service provision changes then it will be important that these elements are fully covered as appropriate depending on the

relationship with the third party supplier e.g. contract, trust, social enterprise.

- 3.4** In developing a commissioning framework and in conducting reviews there will need to be a clear and transparent process. Any decisions will need to be based on robust and evidenced business cases which highlight risks and opportunities to the organisation, so that members are able to make informed decisions. They will also need to clearly demonstrate how outcomes will be monitored and what governance arrangements will be in place.

4. The role of the audit committee.

- 4.1** The audit committee will need to satisfy themselves that there is a robust process to ensure that risks are being properly managed and that the council, although not risk adverse, is not exposed to undue risk over the lifetime of a commissioned service.
- 4.2** They will also need to satisfy themselves that the annual governance statement fully reflects those services which are delivered directly by the council, and those outcomes which may be delivered by others for us.
- 4.3** The committee may also want to periodically review the governance arrangements for jointly commissioned services and such reviews may be jointly undertaken with audit committees from partner organisations.
- 4.4** Consideration may also be given as to whether the committee would want to look to some independent members, in the same way as standards committee have councillor and non councillor members, to offer a degree of challenge in the commissioning process.

Background Papers

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Accountability	Councillor Colin Hay, cabinet member corporate services
Scrutiny Function	Economy and business improvement