JOINT PANEL ON ACCOUNTABILITY AND GOVERNANCE

TERMS OF REFERENCE

1.1 The Joint Panel on Accountability and Governance ('JPAG' or 'the Panel') is established jointly by the National Association of Local Councils ('NALC'), the Society of Local Council Clerks ('SLCC') and the Association of Drainage Authorities ('ADA') for the purpose of preparing, maintaining, developing and issuing from time to time a Practitioners' Guide to proper practices to assist smaller authorities in England to prepare accounting and governance statements in the form of an annual return as set out in legislation.

1.2 JPAG's terms of reference are:

(i) To support NALC, SLCC and ADA in preparing, maintaining and publishing the Practitioners' Guide.

(ii) To keep under review, advise on the need for changes or updates, consult and, following due process, approve changes or updates to the Practitioners' Guide and Annual Governance and Accountability Return (except the auditor's report, which is determined by the NAO).

(iii) To support Smaller Authorities Audit Appointments Ltd (SAAA) in producing the Annual Return.

1.3 The preparation, maintenance and development of the Practitioners' Guide will focus in the main on the requirement for small bodies to meet statutory accounting and reporting requirements laid out in statute. In meeting its terms of reference in 1.2, JPAG will have regard to relevant UK Generally Accepted Accounting Practices ('UKGAAP') as adapted for public sector circumstances.

2 DUE PROCESS FOR THE PREPARATION AND MAINTENANCE OF THE PRACTITIONERS' GUIDE

2.1 JPAG shall keep under review the Practitioners' Guide. In particular it shall consider at least annually:

- Any implications for the Practitioners' Guide brought to its attention by any of the Panel members.
- Any developments in the public sector that suggest further guidance on accounting and related governance matters at smaller authorities is desirable.

2.2 At the behest of JPAG the Chair shall notify NALC, SLCC and ADA as soon as practicable of proposals to update the Practitioners' Guide and a planned timetable.

2.3 Drafting of the Practitioners' Guide, or any changes to the Practitioners' Guide, is overseen and approved by JPAG. The process should ensure the participation of representatives of each of the Panel members, external auditors of smaller authorities, relevant government departments and independent outsiders on behalf of the wider public interest as required.

2.4 JPAG may, as circumstances require, establish sub-groups to consider individual issues or tasks. These sub- groups shall conduct their meetings in accordance with terms of reference set by the Panel. The sub-groups may, where necessary, invite appropriately qualified experts to join their sub-group subject to the terms of reference for the sub-group.

2.5 JPAG shall conduct its proceedings in an open way and follow due process:

- Before publishing any Practitioners' Guide, or any significant changes to the Practitioners' Guide, JPAG shall invite comment by means of a published exposure draft and invitation to comment explaining the proposals.
- The period for responses shall be at least six weeks. NALC, SLCC and ADA shall issue the exposure draft and invitation to comment, which may include publication on a relevant website or websites, and publicise the consultation among their practitioners.
- In addition, the Panel shall also inform external auditors of smaller authorities and relevant government departments about the consultation.

2.6 The invitation to comment included with exposure drafts shall state that comments will be regarded as capable of being placed on the public record, unless confidentiality is requested, so that NALC, SLCC and the ADA can publish comments or summaries of comments.

2.7 The Practitioners' Guide is recognised by relevant government departments as the authoritative source for smaller authorities in England on proper practices for accounting and governance and in preparing an annual return. It is intended to be written as a complete single-source document that does not require further interpretation. JPAG is therefore not responsible for reviewing or approving any further guidance or application notes issued by any other body, individual or organisation.

2.8 Within the Practitioners' Guide, JPAG may include additional information and examples that are not proper practices within the meaning set out in statute. Any such content must be clearly identified within separate sections of the Practitioners' Guide.

3 COMPOSITION

3.1 The members of JPAG are:

- the Chair (see section 4 below)
- 1 nomination each from NALC, SLCC and ADA;
- 1 nomination each from DCLG, Defra, the NAO and CIPFA; and
- 1 additional nomination from NAO for a representative of external auditors for smaller authorities.

3.2 One member of the Panel shall be appointed as vice chair.

3.3 The Panel may elect to co-opt up to two further independent members; such co-options to be agreed by the members of the Panel listed at 3.1 by a simple majority vote.

4 CHAIR

4.1 The Chair is selected by JPAG from nominations received from NALC, SLCC and ADA. It is not mandatory for any nominee to be a member of the nominating body and once appointed the Chair shall act independently of any nominating body.

4.2 The appointment is for a fixed term renewable of 3 years with a maximum term of 6 years.

4.3 The Chair is not an office of profit and carries no remuneration.

5 SUPPORT FUNCTIONS

5.1 JPAG will determine, from time to time, the key delegated functions that include, inter alia:

- **JPAG governance and secretarial arrangements**: maintaining Terms of Reference; membership issues including appointments; arranging meeting dates and venues; servicing meetings including preparing and distributing papers, taking minutes and dealing with related correspondence; and maintaining any website.
- **The Practitioners' Guide**: managing and coordinating the revision and update cycle and associated consultations; and arranging for publication by the sector bodies.
- **The Annual Return**: SAAA is responsible for designing, managing and coordinating the annual review and producing the Annual Governance and Accountability Return in line with the Practitioners' Guide and the Accounts and Audit Regulations, consulting JPAG members, submitting to JPAG for approval in accordance with paragraph 1.2(ii), arranging and paying for the distribution of the annual return to the audit firms for onward distribution to smaller authorities.
- **Technical support**: Technical queries from practitioners, audit firms and government departments will be, in the first instance, directed to the appropriate body (NALC, SLCC, ADA, NAO, DCLG or DEFRA). Where the appropriate body is unable to provide a definitive response, it will then refer the matter to the JPAG Chair or a sub-group of JPAG set up for that purpose in accordance with section 2.4 herein. The JPAG Chair or sub-group will keep a record of all issues raised and, where the requirements of the Practitioners' Guide are not explicit, agree on a common recommended approach to be communicated to JPAG members and included in proposals for the next update to proper practices. Where the issue concerns public inspection rights, the appropriate body will direct any audit queries from the general public to the NAOs Guide to Electors Rights publication (Local authority accounts: a guide to your rights), and, if appropriate, to the SAAA website, which provides contact details for any opted-in smaller authority's independently appointed external auditor. The bodies will refer any accounting queries from the general public to the Practitioners' Guide.

5.2 JPAG may reasonably remunerate work for delegated functions, which, if approved by SAAA, will be paid for by SAAA.

6 PANEL APPOINTMENTS

6.1 Appointments to JPAG are made by nomination from:

- NALC for the NALC nominee
- SLCC for the SLCC nominee
- ADA for the ADA nominee
- NAO for the NAO nominee and the nominee to represent an external auditor's view
- CIPFA for the CIPFA nominee
- DCLG for a technical smaller authorities accounting nominee
- Defra for a technical smaller authorities/IDBs accounting nominee

and are subject to the governance arrangements of those bodies. All nominations are personal to the individuals concerned – substitutions for particular meetings may only be made with the consent of the Chair which shall not be unreasonably withheld.

6.2 The Panel may invite other persons to attend meetings of the Panel or its sub-groups on an ad-hoc (non-voting) basis to advise on specific issues or projects, or

as observers.

7 CONDUCT OF MEETINGS

7.1 As noted in paragraph 2.5, JPAG shall conduct its proceedings in an open way and follow due process.

7.2 Members and observers must not use their position for personal gain in either business, political or social relationships. Therefore a member or observer who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest and withdraw from all discussions relating to it. In addition, members should take no part in any vote on such a matter.

7.3 Each meeting of JPAG shall allow its members and observers the opportunity to declare any interest that is relevant to the issues discussed at the meeting.

7.4 The minutes of the JPAG meeting shall be agreed by the Panel members as soon as possible after the meeting, and may be published by agreement of the Panel.

8 PANEL MEETING FREQUENCY AND AGENDAS

8.1 JPAG will meet as required but as a minimum twice per year. Meetings are scheduled in advance but may be changed by agreement. Additional meetings may be held by agreement. Meetings may be arranged to be held virtually by consensus.

8.2 Work between meetings is progressed through delegated functions, agreement by electronic communication, meetings of groups progressing specific items, and in consultation with the Chair.

9 QUORUM

9.1 A quorum for meetings is five members and must include a member from two of the three NALC, SLCC and/or ADA organisations. A quorum may include members attending by telephone or video conference.

9.2 Non-quorate meetings may discuss and formally note matters for future report to the next meeting of the Panel, but have no executive authority. Urgent decisions, at the Chair's discretion, should be dealt with by correspondence with members.

10 PERFORMANCE REVIEW

10.1 JPAG will review its activities and shall hold an annual discussion at a meeting of the Panel to evaluate its performance for the preceding 12 months.

11 REVIEW OF THE TERMS OF REFERENCE

11.1 JPAG may review and update these terms of reference from time to time as it deems necessary.