

# AUDIT COMMITTEE

## Audit Committee Terms of Reference – Composition of the Committee

15 February 2012

### Report of Head of Governance

#### PURPOSE OF REPORT

To remind Members of the composition requirements of the Committee with regard to chairing and to ask the Committee to appoint a vice-chairman who is not a Member of the Cabinet or Overview and Scrutiny.

**This report is public**

#### RECOMMENDATIONS OF THE HEAD OF GOVERNANCE

- (1) That the Committee notes the requirement in its terms of reference which states that the Committee must not be chaired by a Member of Overview and Scrutiny.
- (2) That the Committee appoint a vice-chairman who is not a Member of Overview and Scrutiny or Cabinet, in line with the requirements in the Constitution.

#### 1.0 Introduction

- 1.1 The Terms of Reference for this Committee are set out in Part 3, Section 8 of the Council's Constitution and include the composition, as follows:-

*7 Members of the Council on a PR basis, Chairman and Members of the Committee appointed by Council annually. The Chairman must not be a member of Cabinet or Overview and Scrutiny. Changes can be made by Council during the course of the year.*

- 1.2 At the first meeting of the Committee this municipal year, Councillor Ian Pattison was elected Vice-Chairman. At the time, it was not noted that Councillor Pattison was also a Member of the Overview and Scrutiny Committee and therefore ineligible to chair meetings of the Audit Committee.

#### 2.0 Additional Background Information

- 2.1 It might be useful to explain the background to the requirement which limits the appointment of the Audit Committee Chairman/Vice Chairman to non-executive, non-scrutiny Members only. The stipulation was added to the Constitution by Council in April 2007 on the recommendation of this Committee, in line with CIPFA guidance that the Chairman of a local

authority's Audit Committee should, expressly, not be a Member of the Executive or Scrutiny.

### 3.0 Proposal Details

- 3.1 That the Committee elect a new vice-chairman who is not a Member of the Cabinet or Overview and Scrutiny to ensure that the Committee is always chaired in line with the Constitutional requirements.
- 3.2 The current Membership of the Committee therefore precludes Councillors Barry, Newman-Thompson and Ian Pattison from appointment as Members of Cabinet, Budget and Performance Panel and the Overview and Scrutiny Committee, respectively.

### 4.0 Details of Consultation

- 4.1 No consultation has taken place.

### 5.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> To elect a new vice-chairman who is not a Member of Cabinet or Scrutiny.	<b>Option 2:</b> Not to elect a new vice-chairman.
Advantages	In line with the Council's Constitution and CIPFA guidance.	Removes the need to nominate and vote at the meeting.
Disadvantages	None identified.	Contrary to the Council's Constitution and CIPFA guidance.
Risks	None identified.	Should the vice-chair take the chair for any reason, the Committee would be constituted incorrectly.

- 5.1 Option 1 is the officer preferred option.
- 5.2 Members are advised that, whilst it is within the Committee's remit to recommend to Council that this requirement be removed from the terms of reference of the Audit Committee, this would be contrary to CIPFA guidance and may leave the Committee open to challenge regarding its independence.

### 6.0 Conclusion

- 6.1 The Committee is asked to make the necessary change of appointment to vice-chair to satisfy the Constitutional requirements.

#### **CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None.

#### **LEGAL IMPLICATIONS**

The Council must exercise all its powers and duties in accordance with the law and the Council's Constitution. The current vice-chairman is precluded from chairing Audit Committee meetings by virtue of his membership of the Overview and Scrutiny Committee.

**FINANCIAL IMPLICATIONS**

There are no financial implications as a result of this report.

**OTHER RESOURCE IMPLICATIONS****Human Resources:**

None.

**Information Services:**

None.

**Property:**

None.

**Open Spaces:**

None.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 Officer has been consulted and has no further comments.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

Agenda and minutes of the Audit Committee  
24 January 2007.

Agenda and minutes of Council 18 April  
2007.

**Contact Officer:** Debbie Chambers

**Telephone:** 01524 582057

**E-mail:** dchambers@lancaster.gov.uk

**Ref:**