

Central
Bedfordshire
Council
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CONSTITUTION ADVISORY GROUP
DATE: 21 July 2009

TITLE	Composition of the Audit Committee	ITEM NO.
REPORT OF	Head of Democratic Services	8

PURPOSE	To review the current restriction within the Constitution on members of the overview and scrutiny committees serving upon the Audit Committee.
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RECOMMENDATION:
<ol style="list-style-type: none"> 1. That the Advisory Group review the current restriction within the Constitution which provides that no more than one member of an overview and scrutiny committee, other than the Corporate Resources Overview and Scrutiny committee, may sit upon the Audit Committee. 2. That the Group also consider whether it wishes to make any specific provision in relation to Assistants to Portfolio holders.

SUPPORTING INFORMATION

1. The Constitution and Governance Member Working Group at its meeting held on 26 November 2008 considered whether it wished to place any restrictions with regard to membership of the Audit Committee, having regard to CIPFA guidance. A copy of the report considered by the Working Group is attached at Appendix A.
2. Members' attention is particularly drawn to paragraph 5 of the report which refers to the CIPFA guidance in relation to Audit Committees. This guidance recommends that the Audit Committee should be independent of both the overview and scrutiny and executive functions. To retain that independence CIPFA guidance recommends that cross membership should not be the norm and should usually be restricted to one member from each.
3. The Working Group concluded that the draft Constitution should specify that no member of the Executive and no member of the Corporate Resources Overview and Scrutiny Committee should be a member of the Audit Committee and that no member of the Executive should serve upon the Committee.
4. The Working Group's proposal does not however appear to have been accurately captured in Part E2 of the Constitution which states as follows:-

No of Members

7 including no more than one member of an overview and scrutiny committee other than Corporate Resources Overview and Scrutiny Committee. A member of the Executive may not be a member of the Audit Committee.

5. The Council at its Annual Meeting appointed a number of members to the Audit Committee who also sit upon overview and scrutiny committees, namely a member who also sits on Business Transformation OSC, two members who sit on the Children, Families and Learning OSC, a member who sits on the Sustainable Communities OSC and a member who sits on both the Business Transformation and the Corporate Resources OSC.
6. Given that there are 46 seats available on overview and scrutiny committees avoiding overlap between overview and scrutiny and Audit committee would be difficult to achieve and a blanket restriction providing for just one overview and scrutiny member might not be practicable.

7. The Advisory Group is therefore asked to review any restriction it wishes to place on members of the overview and scrutiny committees sitting upon the Audit Committee. It may be that simply correcting the Constitution to reflect Members' original intention (ie: no member of the Corporate Resources OSC to sit upon Audit Committee) would resolve the situation albeit that it would then be necessary to replace the one member of the Audit Committee who currently sits on both the Corporate Resources and Business Transformation OSCs.
8. Finally, the Constitution is silent as to any restriction upon Assistants to the Portfolio holders sitting upon Audit Committee. As the Assistants are not Members of the Executive, the Advisory Group may not consider that any restriction is necessary, other than perhaps in the instance of the Assistant to the Corporate Resources Portfolio holder?

Contact Officer Details:

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Key Background Papers:

Report to the Constitution and Governance Member Working Group on 26 November 2008
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Creating Central Bedfordshire

CONSTITUTION AND GOVERNANCE MEMBER WORKING GROUP

DATE: 26 NOVEMBER 2008

TITLE	PART E - REGULATORY AND OTHER COMMITTEES	ITEM NO.
REPORT OF	Officer Sub Group	7

PURPOSE	To present the first draft of the Terms of Reference of Committees and the Committee Procedure Rules.
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RECOMMENDATION:

- (1) That the Working Group consider any restrictions it wishes to impose with regard to membership of the Audit Committee.
- (2) That subject to Members' views in respect of the above, the first draft of the Committee Terms of Reference (Part E2) be approved for inclusion in the working draft of the Constitution.
- (3) That Part E1 (Appointment of Committees) and Part E3 (Committee Procedure Rules) be approved for inclusion in the working draft of the Constitution.

SUPPORTING INFORMATION

1. The Working Group at its meeting held on 21 August approved an outline committee structure in principle. As Members will know, considerable debate has taken place with regard to the structure of Development Control Committees and this matter is being dealt with separately on the agenda for this meeting.
2. The first draft of the Terms of Reference of Committees is now attached. The format is designed to show at a glance the size of the Committee, its quorum, who appoints it, whether it needs to be politically proportional, any relevant codes or protocols that apply to its work etc.

3. Officers have included the suggested size of each Committee but this is not a matter that has yet been discussed by the Working Group.
4. Members are particularly asked to consider the proposed composition of the Audit Committee and whether any restrictions should be placed with regard to that composition. It is understood that a request has been received by the Chairman of the Overview and Scrutiny Committee of Mid Beds District Council as to whether the relevant portfolio holder for Finance should be included within the membership of the Committee.
5. CIPFA has produced guidance in relation to Audit Committees. This guidance recommends that the Audit Committee should be independent of both the Overview and Scrutiny and Executive functions. To retain that independence it is further recommended that cross membership should not be the norm and should be restricted to one member from each. The guidance also states that a member of the Executive should not chair the Audit Committee. However the guidance does not cover the issue of whether the relevant portfolio holder for Finance should be a member of the Committee.
6. At Mid Beds District Council, in line with the guidance of the Audit Commission, it is specified that not more than one member of the Overview and Scrutiny Committee and one member of the Executive shall serve upon the Audit Committee. This provision has now been replicated in the terms of reference of the Audit Committee now before Members. There is clearly some merit in the Finance portfolio holder attending meetings in terms of providing information to the Audit Committee however, in view of the concerns expressed, the Working Group may wish to consider whether it wishes to preclude the portfolio holder from being a member of that Committee.
7. It will be noted that the draft Terms of Reference incorporate provisional provision for the establishment of the following bodies:-
 - The Joint Consultative and Negotiating Committee for Primary and Secondary Education
 - Joint Staff Consultative Committee
 - Redundancy/Early Retirement Panel
8. Members are asked to note that at this stage, officers have just included indicative terms of reference for such bodies based upon the models currently used for Bedfordshire County Council. However it should be emphasised that these are purely indicative. A new Interim HR lead has recently been appointed and will be reviewing the formal arrangements both for staff negotiation and consultation and any arrangements for approving redundancies/early retirements. These proposals will also need to be subject to consultation with the Trades Unions.
8. Also attached to this report for the Working Group's consideration is Part E1 (Appointment of Committees) and the draft of Part E3 (Committee Procedure Rules).

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Key Background Papers:

None.