

## CHILTERN DISTRICT COUNCIL

### AUDIT SUB-COMMITTEE – 18 MARCH 2010

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*Background Papers, if any, are specified at the end of the Report*

#### **REVIEW OF STATUS OF THE AUDIT SUB-COMMITTEE**

*Contact Officer: Lynne Reardon, Monitoring Officer (01494 732761) (01895 837229)*

#### **RECOMMENDATIONS**

**To recommend to full Council that**

- 1. the Audit Sub-Committee becomes a full Committee reporting direct to the Council with effect from the Annual Meeting in May 2010.**
- 2. the terms of reference of the Performance and Resources Overview Committee and the Audit Committee as attached at Appendix 1 be approved.**
- 3. subject to recommendation 1. being approved that the SRA of the Chairman of the Committee be reviewed and a SRA be introduced for the Vice-Chairman.**

#### **Relationship to Council Objectives**

*Objective 1: Efficient and Effective customer focused services*

#### **Implications**

- (i) Not identified as a Key Decision*
- (ii) Does not effect Policy and Budgetary Framework*

#### **Financial Implications**

*There are no financial implications flowing directly from the recommendations contained in this report other than a possible review of the Special Responsibility Allowance paid to the Chairman of the Audit Committee vis a vis the approved SRA for the Chairman of the current Audit Sub-Committee if this is considered to involve any greater responsibility – and the possible introduction of a SRA for the Vice-Chairman of the Committee.*

#### **Risk Implications**

*There is a risk of further criticism from the External Auditors if the status of the Audit Sub-Committee is not enhanced as recommended.*

## **Equalities Implications**

*None.*

## **Sustainability Implications**

*None.*

## **BACKGROUND**

1. Members may recall that a report was requested at the 18 February 2009 Constitution Review Committee for the 25 March 2009 Committee as to the possibility of reconstituting the Audit Sub-Committee as a Standing Committee.
2. A report was duly submitted in which this matter was debated. At that time the issues were:
  - to avoid the need for the Performance and Resources Overview Committee to meet immediately after the Annual Meeting of the Council to establish and appoint the Audit Sub-Committee and
  - in order that the minutes of the Audit Sub-Committee could be reported to the Cabinet (as appropriate) and presented to meetings of the Council.
3. The Constitution Review Committee however agreed that the revised arrangement for the parent committee to meet sequentially after the Annual Meeting had already addressed this problem in the main and therefore no change be made to the status of the Audit Sub-Committee.

## **DETAILS**

4. Since then however the Audit Sub-Committee has met and considered the External Auditors Annual Governance report for 2008/9 at its meeting on 28 September 2009.
5. The External Auditors, who are the Audit Commission, advised that although it had not been made an issue for 2008/9, the Council needed to address the fact that the Audit Sub-Committee was effectively a Scrutiny Sub-Committee dealing with governance issues.
6. Guidance issued by CIPFA recommended that the Audit Committee should be independent of the Cabinet and Scrutiny functions and the Auditors themselves raised the point that they considered that a sub-committee has insufficient weight and they needed access to those in governance which to them means a standing Committee.
7. It is recommended that any changes be made with effect from the Annual Meeting next May 2010.

8. Members will note the SRA for the Audit Sub- Committee chairman has been set at a lower rate than some other Committee chairman – although in line with the Chairman of Standards, Constitution Review and Personnel – however some Chairman receive higher allowances. Members are therefore asked to consider in the light of the recommendation herein if the SRA of the Audit Committee Chairman should be reviewed – and further if a Vice-Chairman SRA should be introduced.
9. The comments from the Constitution Review Committee held on 25 February 2010 will be circulated separately.

***Background Papers: Local Government Act 2000 CIPFA Guidance***