

Report to: **Special Council**
Date: **21 March 2019**
Title: **Audit Committee Size and Composition**
Portfolio Area: **Support Services**
Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **N/A**

Date next steps can be taken: **Any decisions will take effect from the Annual Council meeting on 16 May 2019**

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RECOMMENDATION

That, with effect from the start of the 2019/20 Municipal Year:

- 1. the Size of the Council’s Audit Committee be increased from 5 to 7 Members, with the Committee Quorum being increased from 3 to 4 Members; and**
- 2. the current practice be retained whereby there is no provision for Co-Opted Members to be appointed to serve on the Council’s Audit Committee.**

1. Executive summary

1.1 During its most recent review into the Council Constitution on 31 January 2019 (Minute A.43/18 refers), the Audit Committee requested that the following governance related matters be reviewed in time for the 2019/20 Municipal Year:

- Whether or not the Size of the Audit Committee should be increased to provide greater resilience; and
- Whether or not there was any appetite to appoint Independent Co-Opted Member(s) to serve on the Audit Committee.

- 1.2 The Council has an established Political Structures Working Group that is responsible for making recommendations to the Council on the decision-making processes and governance arrangements of the Council;
- 1.3 In the absence of a scheduled Working Group meeting before May 2019, the views of the Working Group Members (Cllrs Baldry, Green, Hitchins, Holway, Pennington, Saltern, Tucker and Wright) were sought via email on these two issues.

2. Background

Size of the Audit Committee

- 2.1 There have been occasions during the 2018/19 Municipal Year when the Audit Committee has struggled to obtain a Quorum (the current Committee Size is 5, with the Quorum being 3);
- 2.2 Of the 8 Working Group Members, 7 Members responded and all were in favour of providing greater resilience to the Audit Committee by increasing its Size to 7, with the Quorum then consequently being increased to 4 Members;
- 2.3 In addition, the Audit Committee Chairman has been consulted and she has also confirmed her support for this proposal;
- 2.4 It is therefore recommended that, to come into effect for the 2019/20 Municipal Year, the Audit Committee be increased to 7 Members, with the Quorum being 4;

Co-Opted Members on the Audit Committee

- 2.5 In light of the ability for local authorities to appoint independent co-opted Members to serve on their Audit Committee, the Working Group Members were asked to consider whether the Council should follow this course of action;
- 2.6 Of the 7 Working Group Members who responded, the following feedback was received:
- 4 Members did not support the appointment of co-opted Members on to the Audit Committee;
 - 2 Members did not take a fixed position (1 Member felt that it would depend upon the skill set of the Committee Members and the other would wait to hear the views of the Committee Members before they reached a view). However, one of these Members did recognise that, in some circumstances, there could be benefits in one Co-Opted Member being appointed to serve on the Committee in an advisory (i.e. non-voting) capacity; and
 - 1 Member did not provide a response to this matter.

2.7 Whilst the recommendation of the majority of the Working Group Members is therefore to retain the current practice whereby there is no provision for Co-Opted Members to be appointed to serve on the Council's Audit Committee, the Chairman of the Committee does have a contrary view and has expressed the following:

'I am a firm believer that one Independent Co-Opted Member would be an asset to the Audit Committee. Plymouth City Council has two Independent Members on their Audit and Governance Committee and it is considered Good Practice to do so (as per the CIPFA advice to Audit Committees etc.). All Members should be relevant experience / suitability screened for the Audit Committee in a similar way to the Salcombe Harbour Board.'

3. Options available and consideration of risk

3.1 The Council regularly reviews its governance and decision-making arrangements to ensure that they remain fit for purpose. In making any recommendations to amend these arrangements, the Council is asked to take account of the views of its Political Structures Working Group.

4. Proposed Way Forward

4.1 In line with the majority views of the Members of the Political Structures Working Group, the Council is asked to approve:

- an increase in the Size of the Audit Committee from 5 to 7 Members, with the Committee Quorum being increased from 3 to 4 Members; and
- the retention of the current practice whereby there is no provision for Co-Opted Members to be appointed to serve on the Council's Audit Committee.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Local Government Act 2000 requires the Council to have (and to maintain) a Constitution. Any revisions to the Council's Governance arrangements will require an amendment to the Council's Constitution. Only the Council can approve and adopt the Council's Constitution.
Financial	N	There are no direct financial implications arising from this report.
Risk	Y	There is a risk arising from a failure to increase the Size of the Audit Committee and the enhanced

		potential for meetings to be declared inquorate.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None arising from this report
Safeguarding		n/a
Community Safety, Crime and Disorder		n/a
Health, Safety and Wellbeing		n/a
Other implications		n/a

Supporting Information

Appendices:

None

Background Documents:

The Council Constitution;

The Audit Committee agenda and minutes – 31 January 2019 meeting; and

CIPFA Guidance on Audit Committees.