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**Report to**  
Council

29<sup>th</sup> June, 2009

**Report of**  
Director of Customer and Workforce Services

**Title**  
Special Responsibility Allowance for the Chair of the Audit Committee

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### **1 Purpose of the Report**

To seek approval to the payment of Special Responsibility Allowances (SRA) for the Chair and Deputy Chair of the Audit Committee.

### **2 Recommendations**

- 2.1 To approve payment of Special Responsibility Allowances to the Chair and Deputy Chair of the Audit Committee of £6,204 and £2,484 respectively from the start of the Municipal Year 2009 – 2010 in advance of consideration of this issue by the Independent Remuneration Panel.

### **3 Background**

- 3.1 On 17<sup>th</sup> March 2009 the Council gave approval for the setting up of a new Independent Audit Committee from the start of the Municipal Year 2009/10, which would report directly to full Council. The Audit Committee's Terms of Reference are attached.
- 3.2 At its Annual Meeting on 20<sup>th</sup> May 2009, the City Council appointed six Members to the Audit Committee. The Council agreed to defer the decision as to whether it should appoint independent members to the Audit Committee until after the new arrangements have been reviewed in 12 month's time.
- 3.3 Previously, the Chair of the Audit Sub-Group (as it was then), did not receive a SRA as they were also the Chair of Scrutiny Board 1. The Constitution states that the Chair and Deputy Chair of the Audit Committee should be free of executive functions and/or not be a Chair/Deputy Chair of any of the Scrutiny Boards and therefore the Chair /Deputy Chair are currently not entitled to payment of a SRA.
- 3.4 The issue of the amount of any SRA payable should be considered by the Independent Remuneration Panel in accordance with the Constitution. However, no date is currently set as to when the Panel will be convened. In addition, following approval by the Council in March 2009 to appoint an Audit Committee, in line with the recommendations contained in the guidance produced by CIPFA in 2005 entitled "Audit Committees- Practical Guidance

for Local Government", the Chair and Deputy Chair were appointed at the Annual Meeting as a result of the need to appoint an Audit Committee. After consultation with the Leader, the amount payable as SRAs is proposed at the same levels as the other statutory committees.

#### 4 Proposal and Other Option(s) to be Considered

- 4.1 It is proposed that the Council approve a SRA for the Chair of the Audit Committee of £6,204 and for the Deputy Chair of £2,484, the same amounts as those already approved for the Chairs and Deputy Chairs of the Scrutiny Boards, Planning Committee and Licensing and Regulatory Committee, in advance of consideration by the Independent Remuneration Panel when it is convened.
- 4.2 As part of the initial report to Council on 17<sup>th</sup> March, 2009 a benchmarking exercise was conducted which confirmed in the eight Councils where a SRA was paid to the Chair of Audit the amounts varied from £3,000 to £13,000 per annum with an average of £6,370. The proposed SRA payable to the Deputy Chair is in line with the amount payable by the other Councils.

#### 5 Other specific implications

5.1

	Implications (See below)	No Implications
Best Value		✓
Children and Young People		✓
Climate Change & Sustainable Development		✓
Comparable Benchmark Data		✓
Corporate Parenting		✓
Coventry Community Plan		✓
Crime and Disorder		✓
Equal Opportunities		✓
Finance	✓	
Health and Safety		✓
Human Resources		✓
Human Rights Act		✓
Impact on Partner Organisations		✓
Information and Communications Technology		✓
Legal Implications	✓	
Neighbourhood Management		✓
Property Implications		✓
Race Equality Scheme		✓

	<b>Implications (See below)</b>	<b>No Implications</b>
Risk Management		✓
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

## **6 Finance**

- 6.1 The cost to the Council will be an extra £8,688 per year (based on current rates, which will be subject to increase in line with national pay awards for all employees in local government.
- 6.2 These items can be accommodated within the existing Members' Allowances budget.

## **7 Legal Implications**

- 7.1 Should the Council approve the recommendation the Schedule to Part 6 of the Constitution would be amended accordingly.

	<b>Yes</b>	<b>No</b>
<b>Key Decision</b>		✓
<b>Scrutiny Consideration (if yes, which Scrutiny meeting and date)</b>		✓
<b>Council Consideration (if yes, date of Council meeting)</b>	29 <sup>h</sup> June, 2009	

### List of background papers

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Papers open to Public Inspection: Nil

## **Appendix One - Audit Committee: Constitution and Terms of Reference (with effect from May 2009)**

### **A. Constitution**

#### **(a) Membership**

Six elected members, who must not be Cabinet Members, to be appointed by full Council. The Committee must be politically balanced.

Three named substitute elected members (1 from the Conservative Group, 1 from the Labour Group and 1 from the Minority Groups) to be appointed by full Council. If a Committee Member were unable to attend a meeting he/she could nominate a substitute member to attend.

#### **(b) Chair and Deputy Chair**

The full Council will appoint the Chair and Deputy Chair of the Committee, who must not be Cabinet Members or Chairs/Deputy Chairs of Scrutiny Boards.

#### **(c) Quorum**

The quorum of the Committee will be 3 members.

#### **(d) Sub-Committees**

The Committee may appoint one or more sub-committees for the purpose of discharging any of the Committee's functions.

#### **(e) Training**

The members and substitute members of the Committee will be required to undertake appropriate training for their role.

#### **(f) Frequency of meetings**

The Committee will meet at least four times a year and meetings will be subject to the usual Access to Information requirements.

#### **(g) Other meetings**

The Committee may meet privately (i.e. informally and with no other employees present) with the External Auditors and the Internal Audit Manager, but this would be the exception.

#### **(h) Accountability**

Any recommendations the Committee wishes to make will be submitted to full Council.

The Chair of the Committee will answer questions on its work at full Council meetings.

The Committee will report annually to full Council on its work (see point 16 of Terms of Reference below).

## **B. Terms of Reference**

### **Audit Activities**

1. To consider the Head of Internal Audit's Annual Report and Opinion, and a summary of internal audit activities (actual and proposed) and the level of assurance given within the Annual Governance Statement incorporated in the Annual Accounts.
2. To consider summaries of specific internal audit reports as requested.
3. To consider reports dealing with the management and performance of internal audit.
4. To consider a report from the Head of Internal Audit regarding recommendations contained in Internal and External Audit reports that have not been implemented within agreed timescales.
5. To consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the External Auditor.
7. To comment on the scope and depth of external audit work and to ensure that it gives value for money.

### **Regulatory Framework**

8. To maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations.
9. To review any relevant issue referred to it by the Chief Executive, the Director of Finance and Legal Service or the Monitoring Officer.
10. To monitor the Executive's effective development and operation of risk management.
11. To monitor Council policies on "whistle blowing" and the anti-fraud and anti-corruption strategy.
12. To consider the Annual Governance Statement, prior to its consideration by full Council.
13. To consider the Council's compliance with its own and other published financial standards and controls.

### **Accounts**

14. To monitor the City Council's revenue and capital programmes and to consider the City Council's Annual Statement of Accounts, prior to its consideration by full Council.
15. To consider the External Auditor's report to those charged with governance on issues arising from the audit of the City Council's Accounts.

### **General**

16. To report annually to full Council on its work.