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**AUDIT COMMITTEE: FUTURE ARRANGEMENTS**

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**1. SUMMARY**

- 1.1 This is the last scheduled meeting of the Audit Committee in the current programme of meetings approved by the Council. There is a need to look forward to the period up to and beyond the Council elections in May 2003.

**2. RECOMMENDATIONS**

- 2.1 The Committee is invited to fix Friday 21 February 2003 as the date for the next meeting, and to note that a further meeting will be required around late May 2003.
- 2.2 The Committee is invited to consider the matters raised in paragraphs 3.3 – 3.8 and make recommendations to the Council.

**3. DETAIL**

- 3.1 The Audit Committee will require to consider the External Audit Letter to Members in the New Year. The intention is also to provide that meeting with an update on Internal Audit progress. It is proposed that there should be a meeting of the Audit Committee on Friday 21 February 2003.
- 3.2 By virtue of the requirement of the Council's Code of Corporate Governance, it is envisaged there will be a requirement for the Audit Committee to meet around the end of May 2003. It is not necessary to fix that date immediately now, but it is necessary to consider recommendations which the Audit Committee might wish to offer to the Council for the period following the elections.
- 3.3 All of the Council's political management arrangements fall to be reviewed and put in place following the elections in May 2003. In common with the Standards Committee, the Council decided that both Standards and Audit Committees should have within their membership two independent persons. The appointments of the independent persons, which were made following a process of public advertisement and recruitment, subsist until the elections in 2003.

- 3.4 There will inevitably be a gap following the elections while a similar recruitment exercise is undertaken. That gap will come at a difficult time in relation to the ongoing work of both Committees, and consideration should be given whether to make a recommendation that the period of appointment of the current independent members should be extended for a period after the elections to enable the recruitment process to proceed without the gap to which I refer.
- 3.5 The Standards Committee considered this matter at its last meeting and has agreed to recommend to the Council that the period of appointment of the independent members on that Committee should be extended for one year beyond the ordinary elections for two reasons –
- To provide continuity, both following this election and future elections, while new Councillor members of the Committee are appointed and become established; and
  - To allow for the recruitment process of independent members avoiding the gap immediately following the elections.

The Committee took the view that this period was right (in preference to a situation that the independent members should be appointed for four years at the half-term of the four year life of the Council) because it best served the two issues of providing continuity while at the same time allowing the new Council to appoint the independent members at a reasonably early period in the life of the new Council.

- 3.6 The basis of appointment of the independent persons also needs to be reviewed as to whether they remain satisfactory or would benefit from any amendment. The following questions were considered by the Standards Committee –
- (1) Should it be possible (or not) for the independent members to serve for more than one term?
  - (2) Should the disqualifications for appointment of independent members include provisions that –
    - a person cannot be appointed who has ceased to be a Councillor of this Council within the last 12 months?
    - a person cannot be appointed who is a relative or a close friend of a current Councillor of this Council or of a person who has ceased to be one in the last 12 months?

- 3.7 In relation to the first of those questions the Standards Committee have expressed the view that there should not be a prohibition on the independent members serving for more than one term. Obviously it is a matter for those independent members to decide for themselves whether to offer themselves for such re-appointment.

In relation to the second question the Standards Committee are recommending to the Council -

- (1) a person should not be appointed as an independent member who has been a Councillor of this Council and they ceased to be a Councillor on the day of the preceding ordinary elections; and
- (2) a person should not be appointed as an independent member who is a relative or close friend of a current Councillor of this Council or of a person who has been a Councillor of this Council and they ceased to be a Councillor on the day of the preceding ordinary election.

- 3.8 The Audit Committee is invited to consider those matters also, and make recommendations to the Council.

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31 October 2002

(Notes 1353 Val)