

AUDIT COMMITTEE TASK AND FINISH GROUP

TO CONSIDER THE INCLUSION OF INDEPENDENT CO-OPTED MEMBERS

INTRODUCTION

At its meeting on 26th June 2019, the chairman's proposal that a Task and Finish group be established to consider whether the membership of the Audit Committee should be enlarged to include co-opted lay (ie non-councillor) members, was agreed.

CIPFA recommend the inclusion of co-opted lay members - something which is was supported by Wiltshire Council's s151 officer.

The group consisted of Cllrs Britton, Dobson and Grant.

TERMS OF REFERENCE

The terms of reference (Appendix 1) were agreed by the members of the Task and Finish Group and formed the basis of the research undertaken.

FINDINGS

Appendix 2 lists the size of the Audit Committees in the comparison authorities, together with the title of those committees and whether or not they include co-opted lay members.

- The average size of the Audit Committees in the comparison group is 9.3 (cf 11 at WC)
- 5 out of the 15 comparison authorities included co-opted lay members
- 4 of the 15 included "Governance" in the title of the committee and one other has the words "Risk" and "Assurance" in its title

Only two replies were received from the six approaches made by the chairman. These are shown in full in Appendix 3.

In view of (a) the small number of authorities with co-opted lay members; and (b) the disappointing response to our emailed research questions, it was decided not to proceed with further work.

CONCLUSIONS

- a The present size of Wiltshire Council's Audit Committee is a little larger than in other unitary authorities.
- b There is no evidence that the CIPFA recommendation is being widely adopted.

- c The titles of a third of the comparison audit committees suggests they have a wider role than simply 'audit'. It seems likely that in such cases any co-opted lay members would be recruited for a slightly different set of skills than if the committee simply had 'audit' as its role.

RECOMMENDATIONS

- 1 That no further action is taken for the time being on the recruitment of co-opted lay members.
- 2 That this be reconsidered after the next local elections in 2021.

Appendix 1

Audit Committee

To consider whether Wiltshire Council's Audit Committee should seek to recruit independent co-opted members

TASK and FINISH GROUP

Terms of Reference v1

Preamble

For some time now The Chartered Institute of Public Finance and Accountancy (CIPFA) have been advising that local authority Audit Committees should include independent co-opted members. Although there are no statutory requirements for local authorities in England that determine the composition of the audit committee, CIPFA's latest Guidance Note reinforces that recommendation which is now regarded as best practice and good governance:

CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.

The purpose of the Task and Finish Group

To investigate the case for the Audit Committee to include independent co-opted members both in respect to recognising that co-option of independent members is beneficial to the audit committee and that the injection of an external view can often bring a new approach to committee discussions as well as considering some potential pitfalls that CIPFA has identified.

To explore as to whether the Audit Committee should change the committee title.

Composition and Process

1 Membership

The Group will be made up of:

- 3 representatives from Audit Committee – Cllrs Britton, Dobson, Grant.

2 Matters to be considered

- 1 Should Wiltshire Council's Audit Committee include appropriately-skilled independent co-opted members to provide specialist training and experience input to the committee's work.
- 2 To explore the specialist skills and experience that would be required.
- 3 To determine how many independent co-optees would sit on the committee.
- 4 To determine whether the co-optees would be in addition to the existing membership or whether to replace one or more councillor members (bearing in mind the need for the Cllr membership cohort to be politically balanced).
- 5 To establish whether the co-optees would/could be voting members of the committee.

3 Process

The process that will be followed will be:

- | | |
|-----------------------|--|
| 1 st stage | To confirm the Terms of Reference and agree the research agenda. |
| 2 nd stage | Democratic Services to undertake research to identify most appropriate comparator local authorities and to explore: <ul style="list-style-type: none">○ Title of their committees○ The number of independent co-opted members○ Voting rights |
| 3 rd stage | To hold a meeting to consider the findings and determine the next steps. |

Resources

The Task and Finish Group will be supported by:

- Directors of Finance, Legal and Corporate Office
- Internal Audit
- Democratic Services

Timescales

- Stage 1 – To agree the ToR via email
- Stage 2 – Mid August 2019
- Stage 3 - End August 2019

DOCUMENTS USED IN THE PREPARATION OF THIS REPORT:

CIPFA Publication – Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition

APPENDIX 2

AUDIT TASK AND FINISH GROUP

TO CONSIDER THE APPOINTMENT OF LAY CO-OPTED MEMBERS

Comparison authorities

AUTHORITY	Name of committee	Number of members	+ Co-opted lay members
Herefordshire	Audit & Governance	7	0
Powys	Audit	14	1
Dorset	Audit & Governance	10	0
Somerset	Audit	9	0
Cornwall	Audit	10	2
Devon	Audit	7	0
Gloucestershire	Audit & Governance	9	0
Hampshire	Audit	11	0
Surrey	Audit & Governance	6	0
Co. Durham	Audit	9	2
Shropshire	Audit	5	0
Northumberland	Audit	8	0
Isle of Wight	Audit	7	1
Central Beds	Audit	9	0
West Midlands	Audit Risk & Assurance	10	2

APPENDIX 3

AUDIT TASK AND FINISH GROUP

TO CONSIDER THE APPOINTMENT OF LAY CO-OPTED MEMBERS

1 WC Audit Chair's example email to selected authorities requesting feedback

Dear Cllr

Please excuse me approaching you 'out of the blue' like this but I understand from your council's website that you are the current chairman of the Audit Committee at the Isle of Wight and I am writing to you in my capacity as chairman of the Audit Committee at Wiltshire Council.

Your website indicates that you have an independent co-opted member on your committee in line with the CIPFA guidance. We are considering this guidance and would be very grateful if you could find a moment to answer a couple of questions about your views and experience on this matter.

- 1 Is your independent co-opted member remunerated?
- 2 Was he/she appointed as a result of a formal advertising and interview process? If not, how was he/she selected?
- 3 What particular skills did your committee wish to find to supplement the collective skills and experience of its councillor membership?
- 4 Has the co-opted member made/do they make a significant and worthwhile contribution to the work of your committee?

I would welcome any other comments you might have on the subject.

In anticipation of your guidance on this subject – thank you very much indeed, I am most grateful.

Yours sincerely,

Richard

Cllr Richard Britton

Chairman, Audit Committee, Wiltshire Council

2 Summary response from Isle of Wight Council

Constitution states there are seven members: Currently 3 x Conservatives, 2 x Independent, and 2 x vacancies.

There are no co-opted Members. If recruited, co-opted members would not be paid, and would be non-voting. Any such appointment would be made on the basis of skill, knowledge, qualification and experience relevant to the role of the committee. Consideration would need to be given to how to manage this external access to council information.

3 Summary response from Durham County Council

The independent co-opted members can have professional skills that can improve the make up of the committee and add an independent critical eye. The independence of the member is supported through a robust interview process.

The Committee is effective and uses a Call-In process to discuss recommendations with members and officers.

Independent members receive travelling expenses only.

The written response was supplemented by a telephone conversation in which the councillor (a) repeated their belief in having co-optees on the audit committee; (b) described the frustrations in engendering enthusiasm for the work of the audit committee; (c) invited Wiltshire Council's chair of audit to attend his next audit committee meeting.