

Wiltshire Council

Audit and Governance Committee

1 March 2022

Appointment of Independent Co-opted Members to the Audit and Governance Committee

Purpose of Report

1. To ask the Audit and Governance Committee to review the role, number and arrangements for the appointment of independent co-opted members to the Committee and make such recommendations as it considers appropriate to Council at its meeting on 17 May 2022.

Background

2. In 2018 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a position statement which recommended that Audit Committees include an independent member.
3. At the Audit and Governance Committee meeting on 26 June 2019 the issue of independent members on the Committee was raised by the then Chairman of the Committee. The Committee resolved to form a task and finish group to look at the issue.
4. At the Audit and Governance Committee meeting on 7 November 2019 the findings of the task and finish group were presented to the Committee (attached at Appendix A). The group had looked at what other local authorities were doing and at the time found that the CIPFA recommendations were not being widely adopted. Therefore, it was resolved that no further action should be taken but that the Committee should look at this issue again after the local elections in 2021.
5. In September 2020, Sir Tony Redmond published an independent review into the effectiveness of external audit and transparency of financial reporting in local authorities. One of the recommendations arising from this review was that consideration be given to the appointment of at least one independent member, suitably qualified, to Audit Committees.
6. At the Audit and Governance Committee meeting on 24 November 2021, the Committee reconsidered the recruitment of independent lay members and were supportive of the idea. The Committee resolved that they should recruit independent members and requested that officers start the process to achieve this.
7. Further research has been undertaken to assess what arrangements are in place at other local authorities which have independent members, and the findings are attached at Appendix B. These may help the Committee when considering the points raised in this report.

Main Considerations

8. Independent co-opted members could provide valuable advice to the Committee, enhancing the experience and knowledge of the Committee. The recruitment of independent co-opted members is supported by the s151 officer. The addition of independent co-opted members is also recommended by both CIPFA guidance and the Redmond Review.
9. The Committee would need to consider how many independent co-opted members they would wish to recruit. It is recommended the independent co-opted members are non-voting, which is in line with other Local Authorities.
10. The constitution does not currently permit for independent members on the Committee, so would need to be updated, allowing for their inclusion. The changes to the constitution would need to be considered by the Constitution Focus Group and then by Full Council. The current terms of reference for the Committee can be seen in Appendix C along with proposed amendments.
11. Remuneration and expenses for the independent co-opted members would also need to be addressed. Wiltshire Council's Independent Remuneration Panel could be requested to consider this.
12. The Committee should also decide on the skills and experience required for the position and are asked to approve the draft proposed role profile (Appendix D) and delegate authority for the final wording of this to the Monitoring Officer to allow amendments to be made if required.
13. A recruitment process for the independent members would need to be developed. This would likely include the approval of a role profile, the creation of a job description and application form; the advertisement of the position(s); and an interview process. The suggested format of the interview process is that a panel would undertake the interviews, made up of a lead Audit & Governance Officer and 3 Members of the Committee (2 Conservatives and 1 Liberal Democrat, 1 of which would be the Chairman of the Committee).
14. The appointed independent member(s) would be expected to attend the meetings of the Audit and Governance Committee to provide an independent perspective and give advice to the Committee. The appointed member(s) would also be expected to attend any training sessions for the Committee.
15. In order to avoid delay in the appointment of independent co-opted members it is recommended that the Committee requests Council at its meeting on 17 May 2022 to approve the proposed changes to the constitution and to delegate arrangements for the appointment of independent co-opted members to the Audit and Governance Committee, with the selection process delegated to the Monitoring Officer, in consultation with the Chairman of the Audit and Governance Committee. This would include convening a selection panel to interview applicants as described above.
16. Interviews and appointment could then take place around July 2022.

Safeguarding Implications

17. There are no safeguarding issues arising from this report.

Equalities Implications

18. There are no equalities impacts arising from this report.

Risk Assessment

19. There are no significant risks arising from this report

Public Health Implications

20. There are no public health impacts arising from this report.

Environmental Implications

21. There are no environmental impacts arising from this report.

Workforce Implications

22. There are no workforce implications arising from this report.

Financial Implications

23. The allowance for independent co-opted members would need to be set.

24. This allowance is subject to review by the Council after considering any recommendations of the Independent Remuneration Panel.

Legal Implications

25. The Accounts and Audit (England) Regulations 2015 provide that a local authority is responsible “for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk”. In addition, Section 151 of the Local Government Act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs”.

26. Although there is no legislative requirement for the Council to have an Audit Committee, such committee can be established under the Local Government Acts 1972 and 2000 (as amended by the Localism Act 2011).

27. Section 102(3) of the Local Government Act 1972 stipulates that a committee which discharges a function of the Council can include co-opted members, except where it is a committee set up to regulate and control the finance of the local authority.

28. Section 13(1) of the Local Government and Housing Act 1989 provides that a co-opted member of a committee established under section 102 of the Local Government Act 1972 as a committee discharging the functions of the Council must be a non-voting member.
29. However, it is possible in certain circumstances to appoint a co-opted member with voting rights to committees, including an advisory committee appointed under section 102(4) of the Local Government Act 1972.
30. The role and function of the Audit and Governance Committee, as set out within its Terms of Reference fulfils both an advisory role and also discharges some functions of the Council (approving terms of reference and strategy for internal audit, review and approval of annual statements of accounts and approval of a draft Annual Governance statement). Therefore, whilst co-opted members can be appointed to the Committee, they could not be given voting rights. Therefore, their involvement on the Committee would be in a consultative manner, with their views being taken into account by voting members of the Committee.
31. The purpose of the Committee is to give assurance to elected members and to the public as to the governance and sound financial management of the Council. This will likely be strengthened by including members who are independent from the executive and scrutiny functions and who are suitably qualified with experience in the area of audit/governance to provide specialist knowledge and insight.
32. The Local Authorities (Members' Allowances) (England) Regulations 2003 permit the Council to pay an allowance to a co-opted member of a Committee. The Council's Independent Remuneration Panel should be consulted in respect of any such allowance.

Recommendation

33. The Audit and Governance Committee is therefore asked:
- a. To approve the creation of a role of independent co-opted members on the Audit and Governance Committee; and
 - i. To determine how many independent co-opted members should be appointed.
 - b. To approve the draft proposed role profile (appendix D) and delegate authority for the final wording of this to the Monitoring Officer, in order to allow amendments to be made if required.

To recommend to Full Council:

- c. That the constitution should be updated as proposed at appendix C to include independent co-opted members as part of the Audit and Governance Committee.

- d. To delegate the appointment of any independent co-opted members to the Audit and Governance Committee and the arrangements for selection of such members to the Monitoring Officer in consultation with the Chairman of the Audit and Governance Committee. This would include convening a selection panel involving a lead Audit and Governance Officer and 3 Members of the Committee (2 Conservatives and 1 Liberal Democrat, 1 of which would be the Chairman of the Committee) to interview applicants.
- e. That the remuneration of the independent co-opted members be delegated to the Audit and Governance Committee in consultation with Wiltshire Council's Independent Remuneration Panel.

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Appendices

Appendix A – Task and Finish Group Report November 2019

Appendix B – Further research into independent members at other Local Authorities

Appendix C – The current and proposed Terms of Reference of Audit and Governance Committee

Appendix D – Draft proposed role profile

Background Papers

[CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2018.](#)

[The Redmond Review.](#)

Minute 37 of the [Audit and Governance Committee meeting on 26 June 2019](#)

Minute 74 of the [Audit and Governance Committee meeting on 7 November 2019.](#)

Minute 23 of the [Audit and Governance Committee meeting on 24 November 2021.](#)