

**Audit Committee – 7 December 2010**

**Options for Appointment of an Independent Member to Audit Committee**

**Summary of report:**

To provide Audit Committee with options for sourcing a suitable independent member. This arose as an action within Grant Thornton's report entitled 'Review of Audit Committee effectiveness at Walsall Metropolitan Borough Council', the action plan of which was agreed at 25 October 2010 meeting.

**Background papers:**

Grant Thornton's report entitled 'Review of Audit Committee effectiveness at Walsall Metropolitan Borough Council'.

**Recommendations:**

1. To agree:
  - how many independent members to appoint
  - their role within the Committee
  - their term of appointment(s)
  - their remuneration
2. To agree a preferred process for appointing a suitable independent member.



**James Walsh – Assistant Director Finance**

**25 November 2010**

**Background**

An advertisement for the appointment of independent members to Standards Committee and Audit Committee was placed in the Express & Star in April 2008. The appointment was unpaid, except for reasonable out of pocket expenses.

An independent member was appointed for the 2008/09 municipal year and attended 3 meetings during this time, namely, 13 October 2008, 1 December 2008 and 28 April 2009.

No further Audit Committee meetings have been attended by an independent member during this time.

Grant Thornton agreed with Walsall Council that they would undertake a review of the effectiveness of the council's Audit Committee as part of their annual external audit for 2009/10. The report, which was considered at Audit Committee of 28 September 2010, recommended that 'options around finding a suitable independent member be discussed with officers'. It was agreed that at 25 October 2010 Committee that the assistant director finance would present options for sourcing a suitable independent member to the next meeting of the Committee'. The relevant extract from the action plan is detailed at **Appendix 1**.

Independent lay members are considered to strengthen the independence of the Audit Committee and add additional independent experience and expertise. This report details the proposals for appointment of an independent member/s.

### **How many independent members to appoint**

Members should consider the number of independent members to appoint and at this stage it is suggested that one member be appointed.

### **Role of independent member/s**

A suggested role and remit for an independent member is attached as **Appendix 2**. This sets out the expected experience, skills, knowledge and commitment required from potential candidates along with the principal responsibilities of the role.

Independent lay members to the Audit Committee would not have voting rights in accordance with Section 13 of the Local Government and Housing Act 1989.

### **Term of Appointment**

Members should consider the term of appointment. It is suggested that two to four years would give continuity to the role.

### **Remuneration**

Independent members would be entitled to travelling and subsistence expenses only.

### **Appointment Process**

If members recommend the appointment of an independent member/s, it is recommended that the Assistant Director Finance and Head of Internal Audit compile an advertisement and application pack including role and remit for interested parties.

It is recommended that a selection panel would be drawn from the following, or their nominees: the Leader of the Council; Chief Executive (or his nominee); the Chair of the Council's Audit Committee; Executive Director Resources; representative members of other political groups.

### **Resource and legal considerations:**

None directly related to this report.

### **Performance and risk management issues:**

Suitably qualified and experienced independent members serving on Audit Committees can bring specialist knowledge and insight to the workings and deliberations of the Committee which, when partnered with elected members' knowledge of working practices and procedures, enhances the performance of the Committee.

**Equality Implications:**

The appointment process as detailed would encourage applicants from a diversity of backgrounds to apply.

**Consultation:**

Consultation has taken place with officers from constitutional services.

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## Appendix 1

### Extract from the Approved Action Plan

### Review of Audit Committee Effectiveness at Walsall Metropolitan Borough Council

Ref	Recommendation	Priority	Council Comment	Responsibility	Timescale
Skills and Knowledge of the Audit Committee					
R3	Discuss with officers the options around finding a suitable independent member. Ensure clarity of role objectives to guard against any potential imbalances arising within the committee.	M	Options for sourcing a suitable independent member will be presented to the next meeting of the Committee.	Assistant Director – Finance	7 December 2010



## **WALSALL METROPOLITAN BOROUGH COUNCIL**

### **AUDIT COMMITTEE – INDEPENDENT MEMBER**

#### **ROLE AND DESCRIPTION**

##### **Aims and role**

1. To attend and participate in meetings of the Council's Audit Committee.
2. To assist Members of the Council's Audit Committee to discharge their powers and functions as set out in the remit of the Audit Committee.

##### **Skills required**

4. High ethical standards.
5. Good communication skills both written and oral.
6. Ability to participate in meetings.
7. Ability to examine evidence and complex documentation and take an independent and unbiased view.
8. Ability to speak in public and to make media statements.
9. Ability to represent the Council on other bodies and organisations.

##### **Time commitment**

Not likely to be more than 1 day a month

##### **Remuneration**

A voluntary position, however, travelling and subsistence will be paid at the appropriate level.

### **Special conditions**

You cannot apply, if you have been a Member or employee of the Council at any time during the last 5 years.

You cannot apply, if you are a relative or close friend of a Member or employee of the Council or are employed by or a member of any public body which has an Audit Committee.

You must sign an undertaking to comply with the Council's Code of Conduct for Members.

You must disclose whether you are an active member of any political party at local, regional or national level.

You must disclose whether you hold any contract with the Council.

You must disclose whether you are a party to any outstanding complaint or grievance by or against the Council.

Canvassing by the candidate will disqualify your application.