

Audit Committee – 3 September 2012

Appointment of Further Independent Members to Audit Committee

Summary of report:

This report follows Audit Committee of 12 June 2012, where members requested that the process of recruitment and appointment of further independent members to the Audit Committee be commenced.

Currently, the Council's Constitution provides for membership of only one independent member to the Audit Committee. In order to recruit and appoint further independent members, the Audit Committee must decide how many additional independent members it requires and then make a recommendation to Council to enable the Constitution to be changed to reflect this.

Background papers:

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

Audit Committee papers of 7th December 2010, 3rd February 2011, 12 April 2011 and 12 June 2012.

Recommendations:

1. That the number of independent members required to be included on the membership of the Audit Committee be agreed.
2. That the Council be recommended to change the membership of the Audit Committee in the Constitution to reflect the number of independent members required as agreed in recommendation 1 above.



James Walsh – Chief Finance Officer

1 August 2012

Background

Independent lay members are considered to strengthen the independence of the Audit Committee and add additional independent experience and expertise.

An independent member was first appointed to Audit Committee 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 were attended by this independent member during this time.

Subsequent to this, Grant Thornton undertook a review of the effectiveness of the council's Audit Committee as part of their annual external audit for 2009/10. Their report, which was considered at Audit Committee of 28 September 2010, recommended that 'options around finding a suitable independent member be discussed with officers'.

At the meetings of the Audit Committee held on 7th December 2010 and 3rd February 2011, the Audit Committee resolved that one independent member should be appointed; their term of appointment should be for two years and that they should be entitled to travelling and subsistence expenses only. An interview panel was established consisting of 4 elected members from amongst the Audit Committee membership in order to ensure political balance, with delegated authority to interview candidates for the position of independent member on Audit Committee.

The interview panel met on 22 February 2011 and interviewed five short listed candidates for the position before unanimously resolving to recommend candidate Mr A Green for formal appointment to the position of independent member to the Audit Committee with effect from the start of the 2011/12 Municipal Year and with a two-year term of office. This decision was approved by Audit Committee on 12 April 2011 and Council on 23 May 2011.

At the Audit Committee of 12 June 2012, on discussing the work plan, members agreed that Mr. Green had been an excellent addition to the Committee and following a discussion on the matter, the Committee were in agreement that further independent members to the Committee would be beneficial and requested that the process of recruitment and appointment be commenced.

Council's Constitution

The Council constitution currently states the membership of Audit Committee to be 7 Members of the authority as determined by the Council with one co-opted member (non-voting) appointed by the Council.

To change this position would require an amendment to the Constitution which would need to be approved by Council.

How Many Independent Members to Appoint

Members should consider the number of independent members that they wish to appoint. While there is no limit on the number of independent members that could be appointed, it is recommended that this be no more than 3 to ensure the efficient operation of the Committee going forward.

Role of independent member/s

The role description for the independent member is attached as **Appendix 1**.

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

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:

Any appointment process would encourage applicants from a diversity of backgrounds to apply.

Consultation:

Consultation has taken place with officers from Legal and Democratic Services.

Author:

Rebecca Neill

Head of Internal Audit

☎ 01922 654727

✉ neillr@walsall.gov.uk



AUDIT COMMITTEE – INDEPENDENT MEMBER

ROLE DESCRIPTION

Aims and role

- To attend and participate in meetings of the Council's Audit Committee.
- 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

- High ethical standards.
- Good communication skills both written and oral.
- Ability to participate in meetings.
- Ability to examine evidence and complex documentation and take an independent and unbiased view.
- Ability to speak in public and to make media statements.
- 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.