

Cheshire East Council

Audit and Governance Committee

Date of Meeting: 30th June 2016

Report of: Director of Legal Services/Head of Governance and Democratic Services

Subject: Appointment of Independent Person to the Audit and Governance Committee

1. Report Summary

- 1.1 The Council at its meeting on 22nd October 2015 amended the Audit and Governance Committee's membership to include the appointment of an independent person who is not an elected councillor.
- 1.2 The Committee is asked to consider the arrangements for appointing the independent person.

2. Recommendations

- 2.1 That
 1. the Director of Legal Services in consultation with the Chairman and Vice-Chairman be authorised to undertake a recruitment process for the appointment of an independent person to sit on the Audit and Governance Committee, the process to be in accordance with the CIPFA best practice guidance set out in this report, including the preparation of a job description and person specification; and
 2. the outcome of the recruitment process be reported to the Committee's next meeting with a view to an individual being co-opted to the Committee.

3. Background

- 3.1 Council at its meeting on 22nd October 2016 considered a proposal that the Audit and Governance Committee's membership be increased from 10 to 11 to include an Independent Person.

Council resolved as follows:

"That the Audit and Governance Committee's terms of Reference be amended by the inclusion of the following wording as an introductory paragraph in the Constitution at the start of page 109:

“Membership (11)

The Audit and Governance Committee, like all of the Council’s Committees, must be politically balanced. However the success of the Audit and Governance Committee depends upon its ability to remain apolitical. It must adopt a non-political approach to its meetings and discussions at all times. Remaining apolitical also places a duty on members not to make inappropriate use of information provided to the Committee for other purposes.

The Committee is composed of 11 Members, comprising 10 members of Council and one independent voting member (a member who is not a Councillor) with the Chairman and Vice-Chairman being appointed at full Council. The co-option of an independent member will help to bring additional knowledge and expertise to the committee and also reinforce its political neutrality and independence. To ensure the Committee remains focussed on its assurance role any designated substitute must be appropriately trained.”

- 3.2 Except in relation to the consideration of code of conduct complaints, the co-option of an independent person to the Audit and Governance Committee is not a legal requirement. It is, however, considered to be beneficial to the Committee. The injection of an external view can often bring a new approach to committee discussions. Local authorities that have chosen to recruit independent members have done so to bring additional knowledge and expertise to the committee; and to reinforce the political neutrality and independence of the committee.

Recruitment Process

- 3.3 CIPFA has provided guidance in relation to the recruitment of independent persons to audit committees.
- 3.4 The job description of the independent member should be drawn up and agreed before commencing recruitment. The requirement for relevant knowledge or expertise should be clearly determined. Vacancies should be publicly advertised, as is good practice for any public appointment. Candidates should be able to demonstrate their political independence and their suitability should be checked.
- 3.5 Independent members’ appointments should be for a fixed term and be formally approved by the local authority’s council. Provision should be made for early termination and extension to avoid lack of clarity in the future. While operating as a member of the audit committee, the independent member should follow the same code of conduct as elected members.

- 3.6 The primary considerations when considering audit committee membership should be maximising the committee's knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.
- 3.7 The Audit and Governance Committee at its meeting on 24th September 2015 considered a procedure for the recruitment of Independent Persons to Cheshire East Council for the purpose of considering code of conduct complaints. The report included a copy of the proposed application form, a person specification and recruitment timetable. The proposed recruitment process outlined in the report was approved and the Director of Legal Services was asked to submit a report to Council on 17th December 2015 setting out the names of the nominated candidates for approval.
- 3.8 It is proposed that a similar process be adopted for this appointment except that the Committee itself will be asked to approve the co-option of the independent person at its next meeting.
- 3.9 It will be necessary for the independent person to receive appropriate training to take an active part in the work of the Committee.

A note about the voting rights of independent members

- 3.10 The Council on 22nd October 2015 resolved that the independent member be a voting member. However, the authority should have regard to section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. In essence, where a committee is acting in an advisory capacity and making recommendations, all members of the committee should be able to vote on the recommendation. Where the Council has delegated to the Committee decisions such as the adoption of financial statements, the independent member should not be able to vote on those matters.

4 Wards Affected and Local Ward Members

No direct impacts for wards or local ward members arise as a consequence of the proposals contained in this report.

5 Implications of Recommendation

5.1 Policy Implications

The proposals contained within this report seek to bring apply best practice in relation to audit committees.

5.2 **Legal Implications**

In making its decision the Constitution Committee and then the Council will be required to have regard to the New Council Constitution Guidance 2000 and amendments, the Local Government Act 1972, the Local Authorities (Standing Orders) Regulations 1993 and 2001, the Localism Act 2011 and the Public Contracts Regulations 2015.

5.3 **Financial Implications**

No direct financial implications arise as a consequence of the proposals contained in this report.

5.4 **Equality Implications**

No equality or diversity implications would appear to arise as a consequence of the proposals contained in this report.

5.5 **Rural Community Implications**

This report has no direct implications for rural communities.

5.6 **Public Health Implications**

This report has no direct implications for public health.

6 **Risk Management**

6.1 No risks would appear to arise from the report's recommendations.

7 **Background Papers**

None

Contact Information

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