

Cheltenham Borough Council

Audit Committee

24 September 2014

Appointment of Co-opted Members to the Audit Committee

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Mark Sheldon, Director of Resources
Ward(s) affected	N/A
Significant Decision	No
Executive summary	<p>The Audit Committee has 7 elected members and is politically balanced.</p> <p>A report was considered by Council on 21 July 2014 and members supported the proposal to appoint non-voting co-opted members to the Audit Committee. Council resolved that the appointment of co-optees should be delegated to the Audit Committee.</p> <p>Officers, in consultation with the Council's External Auditors (Grant Thornton), have drafted an advert, job description, person specification and application form, which include details of any restrictions.</p> <p>The Audit Committee are asked to consider the draft documents, comment as necessary and approve them for use as part of the recruitment process.</p>
Recommendations	<p>The Audit Committee are recommended to approve;</p> <ol style="list-style-type: none">1. That the opportunity to apply for the position of independent member of the Audit Committee be advertised on the Council's website.2. The advert, job description, person specification and application form, as attached at Appendix 3, 4, 5 and 6 be used as part of the recruitment process.3. That an Interviewing Panel, comprising the Director of Resources and Democratic Services Manager (or their nominated representatives), nominate up to three Co-optees and make recommendations to the Audit Committee for their appointment.
Financial implications	<p>If the co-optee was elected at Chair they would receive the Chair's SRA; currently set at £454 per annum. There would be no cost implications if the level of the SRA remained unchanged. Co-optees on other committees are currently paid travelling expenses but no allowances.</p> <p>Contact officer: Mark Sheldon, Director of Resources, mark.sheldon@cheltenham.gov.uk, 01242 26 4123</p>

Legal implications	Co-optees are not entitled to vote nor do they have a right to attend Council meetings (save in their capacity as a member of the public). In theory, a co-optee could be elected as chairman but they would not have a second or casting vote. They are bound by the Committee Procedure Rules and also the Code of Members' Conduct. Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012
HR implications (including learning and organisational development)	None. Contact officer: Julie McCarthy, GO Shared Service Human Resources Manager (West), julie.mccarthy@cheltenham.gov.uk, 01242 264355
Key risks	As set out in the report
Corporate and community plan Implications	Strengthening our communities by involving local residents in the democratic process
Environmental and climate change implications	None.
Property/Asset Implications	None. Contact officer: David Roberts@cheltenham.gov.uk

1. Background

- 1.1 It has been suggested that Audit Committee may benefit from having some independent members as co-optees.
- 1.2 There is still a prevalent view nationally that there is value in having independent members on the Audit Committee and the Head of Audit Cotswolds, along with the Council's external auditors, Grant Thornton, are supportive of this approach.
- 1.3 The issue was considered by the Audit Committee on 18 June 2014. They supported the appointment of co-opted members in principle but wished for guidance from Council on the criteria for defining an 'independent' member.
- 1.4 Council considered the matter on 21 July 2014 and the extract of those minutes is attached at Appendix 2.
- 1.5 Council approved the recommendation that the terms of reference for the Audit Committee be amended to allow it to appoint up to 3 non-voting independent members.
- 1.6 The decision of whom to co-opt was delegated to the Audit Committee by Council.
- 1.7 Selection criteria pertaining to the appointment of independent members, including any restrictions; was also delegated to the Audit Committee, in consultation with the Borough Solicitor and the Council's external auditors, Grant Thornton.

2. Recruitment and Selection of Co-optees

- 2.1 An application form, together with an advert, job description and person specification was produced by officers.

- 2.2** It would be the intention for an advertisement for the co-optees to be placed on the Council's website and supported by media releases. It would also be circulated to Elected Members so that they may pass it on to anyone who might be interested.
- 2.3** It is for the Audit Committee to decide what criteria to set regarding eligibility. The person specification produced by officer's sets out the proposed selection criteria, including any restrictions and has been based on criteria used across other councils for the purpose of recruiting independent members to the Audit Committee.
- 2.4** There is no legislation associated to the appointment of independent members to the Audit Committee and as such, eligibility criteria, is to be determined locally. It is suggested that the minimum criterion be:
- i) the applicant shall not currently be an Officer or Member of Cheltenham Borough Council
 - ii) the applicant shall not have any criminal convictions
 - iii) the applicant shall not be an undischarged bankrupt
 - iv) the applicant shall not have any significant business dealings with the Council
- 2.5** It is for the Audit Committee to consider whether it wishes to apply further criteria, which could include that the applicant shall not be:
- v) a member of a political party, and/or
 - vi) an Officer or Member of another local authority, and/or
 - vii) an Officer or Member of Cheltenham Borough Council (or another local authority) within the last x years, and/or
 - viii) a close friend or relative of a current Cheltenham Borough Council Member or officer.
- 2.6** Co-opted members would be eligible to receive travel expenses.
- 2.7** A co-optee would be eligible for election as chair or vice-chairman. Other authorities have adopted the approach that a co-optee should not be elected to both posts.
- 2.8** If a co-optee was elected as Chair they would receive the Chair's allowance; currently set at £454 per annum.
- 2.9** In terms of arrangements for selecting applicants for consideration by the Audit Committee, it is proposed to set up a small Panel which would make recommendations to the Committee. It is suggested that the Panel comprise the Director Resources and the Democratic Services Manager or their representative(s).
- 2.10** Given the nature of a report by the Panel and the personal details it would include, any such report would have to be considered by the Audit Committee in closed session.
- 2.11** The appointment would be made for a period of 4 years (unless earlier terminated by Committee), after which time the co-optee would be eligible for re-appointment for a further term.
- 2.12** It had been suggested that any appointments made by the Committee, would be subject to review by the Committee after one year of operation.

3. Reasons for recommendations

- 3.1** The report has been brought to the Audit Committee at the request of Council.

4. Alternative options considered

- 4.1** Decide against recruiting and/or appointing any independent members and continue with the current make up of the committee.

5. Consultation and feedback

- 5.1 The Chief Executive has consulted with Group Leaders as part of this process and they felt it was a matter that should be considered by the committee. The importance of a co-opted chair being independent was highlighted and the need for an open appointment process.
- 5.2 The feedback from Council is set out in Appendix 2.
- 5.3 Feedback from Legal regarding eligibility and restrictions was that there is no legislation associated with the appointment of independent members of the Audit Committee and as such, eligibility criteria, is to be determined locally.

6. Performance management –monitoring and review

- 6.1 Not applicable

Report author	Contact officer: Saira Malin, Democracy Officer Saira.Malin@cheltenham.gov.uk , 01242 77 5153
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Extract of the minutes of Council 21 July 20143. DRAFT application form4. DRAFT advert5. DRAFT job description6. DRAFT person specification
Background information	<ol style="list-style-type: none">1. Minutes of Audit Committee 18 June 2014

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If no applicants come forward for the position of co-optee then the Audit Committee will remain without independent members	Director of Resources	06//07/2014	2	4	8	Reduce	Issue press release and Local Advertisement (website). Ensure that job description and person specification are as comprehensive as possible.	30/10/2014	Director of Resources	

EXTRACT OF COUNCIL (21 JULY 2014) MINUTES

The Cabinet Member Corporate Services, Councillor Jon Walklett introduced the report, as circulated with the agenda and referred members to an email that had been sent to all members on Friday (18 July) which contained revised recommendations. He indicated that Councillor Colin Hay was now being proposed as Chairman of the Audit Committee. He highlighted an amendment to the recommendations that had been circulated in his e-mail and iv) now proposed that the selection criteria be delegated to the Audit Committee in consultation with the Borough Solicitor and the External Auditor.

A member questioned a reference in the e-mail that the Audit Committee required a chairman with knowledge and experience of the governance arrangements. He queried whether that related to knowledge of the governance of this council in particular or whether it related to more general knowledge of governance in local government.

The Cabinet Member replied that his understanding that it was specifically related to the local governance arrangements of this council but that somebody with knowledge of governance at the county council for example could be considered

Upon a vote it was unanimously

RESOLVED that;

- i. Councillor Colin Hay be appointed as Chair of the Audit Committee.**
- ii. The terms of reference of the Audit Committee be amended to allow it to appoint up to 3 co-optees as non-voting members.**
- iii. The decision to co-opt be delegated to the Audit Committee.**
- iv. Selection criteria pertaining to the appointment of independent co-optees on the Audit Committee, including any restrictions, be delegated to the Audit Committee in consultation with the Borough Solicitor and External Auditors.**
- v. The Borough Solicitor and Monitoring Officer be authorised to make the necessary changes to the Constitution, to reflect the above.**