

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

CONSIDERATION OF CO-OPTED INDEPENDENT AUDIT COMMITTEE MEMBER

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The object of this report is to allow Audit Committee Members to consider whether they wish to recommend the co-option of an independent member to the Committee.
- 1.2 The report highlights the potential benefits and risks of the co-option of an independent member

2. BACKGROUND INFORMATION

- 2.1 In 2018 the Chartered Institute of Public Finance and Accountancy updated its "Practical Guidance to Audit Committee". This document set out recommended good practice in relation to the membership, role and operation of audit committees in local government.
- 2.2 Welsh Local Authority Audit Committees, Combined Authorities, and Police Audit Committees are required by statute or regulation to include independent co-opted members. In its guidance CIPFA stated that it *"endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee"*.
- 2.3 On 27 March 2019 the Audit Committee carried out a self-assessment against the guidance. As part of this exercise the appointment of a co-opted independent member was considered. It was agreed that a paper would be brought back to the committee for consideration.

3. OPTIONS FOR CONSIDERATION

- 3.1 The options for consideration are:

- The audit committee recommends to Full Council that its terms of reference to be amended to allow for the appointment of a co-opted independent member to the committee; or
- The audit committee does not recommend the amendment to its terms of reference by recommending the appointment of a co-opted member to instruct insurers to renew accordingly.

4. ANALYSIS OF OPTIONS

4.1 An analysis of the membership of 17 neighbouring Local Authority Audit Committees has found that the majority of them include a co-opted independent member (summary outlined in Appendix 1). In its guidance CIPFA has identified a number of potential benefits of having such a member, such as:

- the injection of an external view can often bring a new approach to committee discussions;
- to bring additional knowledge and expertise to the committee
- to reinforce the political neutrality and independence of the committee;
- to maintain continuity of committee membership where membership is affected by the electoral cycle.

4.2 The guidance, however, recognises that there are some potential risks in relation to having co-opted independent members that would need to be mitigated, such as:

- over-reliance on the independent members by other committee members can lead to a lack of engagement across the full committee;
- lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports; and
- the need to establish an effective working relationship and establish appropriate protocols for briefings and access to information

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 There are no resource implications relating to the appointment of a co-opted independent member other than the reimbursement of travel expenses if applicable, and potentially the cost of training.

6. **OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1 There are no major implications in relation to this decision.

7. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1 An Integrated Impact assessment is not required for this decision

8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1 The possibility of having a co-opted independent member was first considered by the Audit Committee on 27 March 2019 when the Audit Committee carried out its annual self-assessment against good practice. There are no conflicts of interest in relation to this decision.

9. **RECOMMENDATIONS**

9.1 Consider whether the Audit Committee wishes to recommend to Full Council that its terms of reference to be amended to allow for the appointment of a co-opted independent member to the committee

DIRECTOR: GOVERNANCE AND PARTNERSHIPS

Church Square House
SCUNTHORPE
North Lincolnshire
DN35 6NL

Author: Peter Hanmer, Head of Audit and Assurance

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Background Papers used in the preparation of this report

Audit Committees: Practical Guidance for Local Authorities and Police
2018 Edition (*Chartered Institute of Public Finance and Accountancy*)

Appendix 1

Local Authority co-opted Members	Local Authority no co-opted Members
North East Lincolnshire Council (chair)	East Riding of Yorkshire Council
Lincolnshire County Council (2)	Hull City Council
City of York Council (2)	Doncaster Council
North Yorkshire County Council (3)	Rotherham Council
Sheffield City Council (1)	South Holland District Council
Lincoln City Council (1)	Scarborough Borough Council
West Lindsey District Council (3)	
East Lindsey District Council (1)	
Boston Borough Council (1)	
South Kesteven District Council (1)	
North Kesteven District Council (1)	