

Summary Sheet

Council Report:
Audit Committee

Title:
Amendment to the Constitution of the Audit Committee and Appointment of Independent Member

Is this a Key Decision and has it been included on the Forward Plan?:
No

Strategic Director Approving Submission of the Report:
Stuart Booth (*Interim Strategic Director Resources & Transformation*)

Report Author(s):
Colin Earl (*Assistant Director Audit, ICT & Procurement*)

Ward(s) Affected:
None

Executive Summary:
The Constitution and any changes to it require approval by the Council. As part of the Audit Committee's 'Fresh Start', and as recommended by Commissioner Sir Derek Myers, the Audit Committee has sought to appoint an independent member, to supplement the skills and experience of Council Members.

The change to the Audit Committee structure, that any appointment of an independent member will require, and the appointment itself, will need to be approved by the Council.

Recommendation:

The Audit Committee is asked to recommend to the Council that:

- (a) the Constitution be amended to extend the membership of the Audit Committee to include a voting independent member**
- (b) appointments made to the position of voting independent Audit Committee member be made for a period of 2 years, with an option to extend for 1 further year**
- (c) remuneration for the post of voting independent Audit Committee member be set at the same level as independent Standards Committee members, i.e. £710 for 2015/16**

(d) Bernard Coleman be appointed to the position of voting independent member on the terms set out in (b) and (c) above.

Background Papers:

Rotherham Council Constitution, Audit Committee Terms of Reference

Council meeting 22 May, Item 9; Remuneration Panel

Council meeting 22 May, Item 11; Appointments to the Audit Committee

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

No

Council Approval Required:

No

Exempt from the Press and Public:

No.

Title:

Amendment to the Constitution of the Audit Committee and Appointment of Independent Member

1. Recommendation

- 1.1 The Audit Committee is asked to recommend to the Council that:
- (a) the Constitution be amended to extend the membership of the Audit Committee to include a voting independent member
 - (b) appointments made to the position of voting independent Audit Committee member be made for a period of 2 years, with an option to extend for 1 further year
 - (c) remuneration for the post of voting independent Audit Committee member be set at the same level as independent Standards Committee members, i.e. £710 for 2015/16
 - (d) Bernard Coleman be appointed to the position of voting independent member on the terms set out in (b) and (c) above.

2. Background

- 2.1 The Audit Committee has embarked upon 'a fresh start' following the publication of the Casey Report in February 2016 and subsequent Government intervention. With the support of the lead commissioner, Commissioner Sir Derek Myers, the Audit Committee has reviewed its scope and approach and has refreshed these in a new Prospectus produced in July.
- 2.2 The Prospectus includes the following commitment:
- ... the Committee aims to strengthen its own contribution. It will:*
- ✓ *Appoint an **independent voting member** with relevant expertise that will augment the existing experience and skills ...*
- 2.3 Following an open advertising and recruitment process, in August 2015 the Chair, Vice-Chair, Interim Strategic Director of Finance and Corporate Services and the Assistant Director Audit, ICT and Procurement interviewed and agreed the position should be offered to Bernard Coleman. Bernard has considerable and relevant local government, housing and board level experience.
- 2.5 On 22 May 2015 (item 11 Council meeting), Council approved the Membership of the Audit Committee as:
- Councillor Alam
 - Councillor Cowles
 - Councillor Evans
 - Councillor Hughes (Vice-Chairman)
 - Councillor Wyatt (Chairman).

- 2.6 The Audit Committee will be required to recommended changes to the constitution to facilitate the appointment of an independent Member. These changes include recommending a revision to the membership of the audit committee, and a period of appointment and an appropriate remuneration level.
- 2.4 Bernard Coleman attended the Audit Committee meeting held on 23 September as an observer, while the relevant HR checks were being done. These have now been satisfactorily completed, and subject to the relevant changes to the Council constitution and Council's approval of the appointment, the position can be formally offered to Bernard Coleman.
- 2.7 On 22 May 2015 (item 9 Council meeting), Council approved the recommendations of the Remuneration Committee, which included an annual rate of £710 for independent members of the Standards Committee. It is proposed the same rate be paid to the independent Audit Committee Member.
- 2.8 It is common to make such appointments time limited, with typically an initial appointment of 2 years being made and an option to extend for a further year. It is proposed to make this the term offered to the independent Audit Committee Member.

4. Options considered and recommended proposal

- 4.1 The appointment of an independent member augments the existing skills of existing Members and strengthens the Audit Committee. It is, therefore, recommended to establish an independent member position within the Audit Committee.

5. Consultation

- 5.1 Commissioner Sir Derek Myers and the Council's external auditors; KPMG, were consulted on and are supportive of the proposals.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The appointment will take immediate effect after Council approval.

7. Financial and Procurement Implications

- 7.1 The annual remuneration can be accommodated within the Members' allowances budget.

8. Legal Implications

- 8.1 The proposed appointment of an independent member will require changes to the Council constitution which will require approval by Council. The appointment of any individual to the position also requires Council approval.

9. Human Resources Implications

- 9.1 Appropriate checks have been carried out on the preferred candidate and are all satisfied.

10. Implications for Children and Young People and Vulnerable Adults

10.1 The are no direct implications for Children and Young People and Vulnerable adults.

11. Equalities and Human Rights Implications

11.1 The are no direct equalities or human rights implications.

12. Implications for Partners and Other Directorates

12.1 The are no direct implications for partners or other directorates.

13. Risks and Mitigation

13.1 The appointment of a suitable skilled and experienced independent member will strengthen the review of risk management by the Audit Committee and consequently improve the Council's arrangements.

14. Accountable Officer(s):

Colin Earl (*Assistant Director Audit, ICT and Procurement*)

Approvals Obtained from:-

Strategic Director of Finance and Corporate Services: Stuart Booth

Director of Legal Services: Stuart Fletcher

Head of Procurement (if appropriate): Not Applicable

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