

Audit, Risk and Governance Committee
Meeting to be held on Monday, 22 July 2024

Electoral Division affected:
N/A;

Constitution, Membership and Terms of Reference
(Appendices 'A' – 'C' refer)

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Brief Summary

This report sets out the membership, Chair and Deputy Chair, and the Terms of Reference of the Audit, Risk and Governance Committee for the remainder of the municipal year 2024-25.

Following the committee's request at its meeting on 22 April 2024, this report also provides a review of the Terms of Reference against the Local Government Association's "Ten questions for audit committees" and sets out a proposed process for the appointment an independent co-opted member to the committee.

Recommendation

The Audit, Risk and Governance Committee is asked:

- i) To note the appointment of County Councillor A Schofield as Chair and County Councillor J Singleton as Deputy Chair of the Audit, Risk and Governance Committee for the 2024-25 municipal year;
- ii) To note the membership of the committee, following the county council's Annual Meeting held 23 May 2024;
- iii) To note the Audit, Risk and Governance Committee's Terms of Reference;
- iv) To consider and comment on officers' review of the Local Government Association's "Ten questions for audit committees";
- v) To approve to establish an Appointments Sub-Committee to manage and oversee the recruitment of an independent co-opted member to the Audit, Risk and Governance Committee, as set out in the report;
- vi) Subject to (v), to approve that the Appointments Sub-Committee can determine the job specification and recruitment timeline, consider and

shortlist applications, and carry out interviews for the role of independent co-opted member to the Audit, Risk and Governance Committee; and

- vii) Subject to (v) and (vi), to note that the Appointment Sub-Committee's recommendation will be presented to the Audit, Risk and Governance Committee's next meeting on 14 October 2024.

Detail

The county council at its Annual Meeting on 23 May 2024 agreed that the Audit, Risk and Governance Committee shall comprise eight county councillors (on the basis of five Conservative members and three Labour members). The following councillors have subsequently been nominated to service on the Audit, Risk and Governance Committee for the following year:

N Aziz	J Berry
J Couperthwaite	C Edwards
A Schofield	J Shedwick
J Singleton	A Whittaker

The Full Council appointed County Councillors A Schofield and J Singleton as Chair and Deputy Chair respectively of the Audit, Risk and Governance Committee for the 2024-25 municipal year.

A copy of the committee's Terms of Reference is attached at Appendix 'A' and can also be found in Section 4 of the council's Constitution:

<https://www.lancashire.gov.uk/council/constitution/4-committees/>

Local Government Association's "Ten questions for audit committees"

On 12 April 2024, the Local Government Association published its "Ten questions for audit committees". The Audit, Risk and Governance Committee subsequently requested, at its meeting held 22 April 2024, that officers review the committee's Terms of Reference and work against this new guidance.

Officers have considered the Local Government Association's questions and the outcome of their review is set out at Appendix 'B'. The Audit, Risk and Governance Committee is asked to consider and comment on the response.

Appointment of an Independent Co-opted Member

In approving a new Constitution for the county council on 14 March 2024, and as reported to the Audit, Risk and Governance Committee on 22 April 2024, the Full Council added at least one non-voting, independent co-opted member to the Audit, Risk and Governance Committee's membership.



The rationale for this change to the committee's membership was as follows:

- The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, carried out by Sir Tony Redmond and published in September 2020 (also known as the Redmond Review), recommended the appointment of at least one independent member, suitably qualified, to local authority audit committees.
- Subsequently, the government's response to the Redmond Review agreed with its recommendations and in May 2022 confirmed that, once parliamentary time allowed, audit committees with at least one independent member would become mandatory for all councils.
- The Chartered Institute for Public Finance and Accountancy (CIPFA) published its updated Position Statement in 2022, which included the recommendation that, where there is no legislative direction, local authority audit committees should include at least two co-opted independent members to provide appropriate technical expertise.

The appointment of an independent co-opted member to the Audit, Risk and Governance Committee will therefore bring the council in line with government guidance and best practice.

A proposed process for their appointment is set out at Appendix 'C' and the key points summarised below:

- The proposal is to recruit and appoint one independent co-opted member. Due to the size and expertise of the committee currently, the addition of one independent co-opted member should further enhance the committee's effectiveness and meet the government's recommendation, whilst safeguarding against an over-reliance on independent members and a dilution of county councillors' roles.
- The Independent Remuneration Panel will be asked to consider whether an allowance, and how much, should be payable the independent co-opted member. If it requires a change to the Members' Allowance Scheme, the Independent Remuneration Panel's recommendation will be presented to Full Council for approval.
- The committee is asked to establish an Appointments Sub-Committee which will determine the job specification and recruitment timeline, consider and shortlist applications, and carry out interviews to identify a successful candidate. The Appointment Sub-Committee's recommendation will be presented to the committee's next meeting on 14 October 2024 and, subject to the committee's agreement, recommended to Full Council for approval on 12 December 2024.

The Audit, Risk and Governance Committee is asked to approve the establishment of an Appointments Sub-Committee and the suggested process for the appointment of an independent co-opted member, as set out at Appendix 'C'.



Appendices

Appendices 'A' – 'C' are attached to this report. For clarification they are summarised below and referenced at relevant points within this report.

Appendix	Title
Appendix 'A'	Audit, Risk and Governance Committee Terms of Reference
Appendix 'B'	Response to the Local Government Association's "Ten questions for audit committees"
Appendix 'C'	Suggested process for the appointment of an independent, co-opted member to the Audit, Risk and Governance Committee

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Legal

There are no legal implications.

Finance

Depending on the recommendation of the Independent Remuneration Panel, the successfully appointed independent co-opted member may receive an annual allowance. Full Council will be advised of any financial implications when it considers the Panel's report.

Risk management

Not appointing an independent co-opted member would mean the Audit, Risk and Governance Committee's membership would not comply with the council's Constitution nor meet government guidance.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A

