

**REPORT TO: WEST OF ENGLAND MAYORAL COMBINED AUTHORITY
AUDIT COMMITTEE**

DATE: 4 MARCH 2024

**REPORT TITLE: APPOINTMENT OF INDEPENDENT AUDIT COMMITTEE
MEMBERS**

RESPONSIBLE OFFICER: STRATEGIC DIRECTOR OF RESOURCES

<u>Key Decision</u>	No
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<u>Purpose of Report</u>

To recommend to the West of England Combined Authority Committee the appointment of two additional independent members of the Audit Committee.
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<u>Recommendation</u>

That Audit Committee:

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| <ul style="list-style-type: none">(1) Endorses the appointment of two additional Independent Members of the West of England Combined Authority Audit Committee following an open and transparent recruitment process (bringing the total number of Independent Members on the Committee to three);(2) Agrees that Christine Fraser be appointed for an initial term of 4 years and Jennifer Whitten for an initial term of 3 years.(3) Agrees that the existing independent member, Mark Hatcliffe be asked to remain a member of the Committee for a further two years.(4) Agrees that each of the Independent Members be eligible for a second term by mutual agreement.(5) Notes that the remuneration of the Independent Members of the Audit Committee was agreed at the meeting of the West of England Combined Authority in January 2022 following a recommendation by the remuneration panel that they receive an annual allowance set at £650, subject to the same application of annual pay adjustments as for all other allowances. |
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Reasons for recommendation

It is a requirement that the Audit Committee has at least one independent member appointed to it. Recent guidelines suggested that it was good practice to appoint at least two independent members. This approach was endorsed by both the Audit Committee and the West of England Combined Authority Committee. Following a recruitment process two additional members are recommended for appointment to the Committee.

Voting arrangements

The Committee is asked to make a recommendation to the West of England Combined Authority. This would be by simple majority of the members present.

Publication Requirements

Public

Background

1. The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 states that “A combined authority must appoint to an audit committee at least one independent person.”
2. At the Joint meeting - West of England Combined Authority Committee and West of England Joint Committee held on 20 March 2020 Mr Mark Hatcliffe was formally appointed as an Independent Member of the Audit Committee.
3. In 2022 the Chartered Institute of Public Finance & Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022 recommended that “that each authority audit committee should include at least two co-opted independent members”
4. The Audit Committee stated its intention that at least two of its members should be independent.
5. The West of England Combined Authority Committee’s Annual General Meeting held on 23 June 2023 agreed that “That a second independent member be appointed to the Authority’s Audit Committee.

Key Considerations

6. Advertisements for the post were placed during the summer of 2023 and two candidates were shortlisted for interviews which were held during Autumn 2023. However, at that time no suitable candidate was found. A verbal update on this position was given by the clerk at the Audit Committee's meeting in December 2023.
7. A decision was taken to re-run the recruitment process with more emphasis to be placed on attracting a candidate who was based more locally.
8. A new recruitment process was carried out and interviews conducted in early February 2024. The following persons were on the interview panel:

Cllr Geoff Gollop, Chair, Audit Committee
Rachel Musson, Strategic Director of Resources
Selonge Russell, Head of Finance
9. Two suitable candidates were recommended for appointment, Christine Fraser and Jennifer Whitten.
10. It is considered prudent to formalise the length of service for all the independent members at this point. It is recommended that Christine Fraser be appointed for an initial term of 4 years and Jennifer Whitten for an initial term of 3 years. Each would be eligible for a second term by mutual agreement.
11. It is recommended that Mark Hatcliffe be recommended to serve for a further 2 years and then being eligible to serve a second term by mutual agreement.

Alternative Options Considered

12. It is a requirement that the Committee has at least one independent member. However, the Committee had previously indicated that this number should be increased. More than one additional suitable candidate has been found following the recruitment process.

Consultation and Engagement

13. The Audit Committee has been kept up to date with the recruitment process throughout with regular updates to the Committee.

Key Risks

14. This proposal should strengthen the Audit Committee's Independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Mayoral Combined Authority.

Equality, Diversity and Inclusion Implications

15. The recruitment process was carried out in accordance with guidelines.

Climate Change Implications

16. No direct Climate Change arising from this report.

Financial Implications

17. The candidates, if endorsed by the West of England Combined Authority Committee, will receive the allowance set out in the report by the Remuneration Panel agreed in January 2022 which was set at £650 per annum, subject to the same application of annual pay adjustments as for all other allowances and in line with the remuneration received by the existing independent member.

Legal Implications

18. The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 states that:

"A person may not be appointed under paragraph (3) unless— (a) the vacancy for the audit committee has been advertised in such manner as the combined authority considers is likely to bring it to the attention of the public; (b) the person has submitted to the combined authority an application to fill the vacancy, and (c) the person's appointment has been approved by a majority of the members of the combined authority."

The vacancies were advertised in the usual way and the two recommended appointees applied through the open recruitment process. These appointments now need to be endorsed by the Combined Authority's Committee. It is recommended that this be done at the Annual General Meeting in June 2024 when the Authority's committees are reconstituted.

Human Resources Implications

19. A full and transparent external recruitment process was undertaken to appoint the Independent Members.
20. Committee members are not considered employees under Combined Authority terms and conditions, therefore this arrangement will not result in the recommended individuals accruing rights or employment rights.

Commercial and Procurement

21. No direct commercial and procurement implications arising from this report.

Appendices

- None

Background papers:

- Document 1 – Access to Information and Audit Committees) Order 2017 The Combined Authorities (Overview and Scrutiny Committees,
- Document 2 – Report of the Independent Remuneration Panel for the West Of England Combined Authority – January 2022

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