

Open report on behalf of Richard Wills, Executive Director responsible for Democratic Services

Report to:	County Council
Date:	14 September 2018
Subject:	Recruitment of additional independent member on Audit Committee

Summary:

This report seeks approval from Council to increase the number of independent members on Audit Committee from one to two.

Recommendation(s):

- 1) That Council agrees to the recruitment of an additional independent member to sit on the Audit Committee.
- 2) Subject to the outcome of recommendation 1, Council approves the amendments to the Constitution set out in Appendix A.

1. Background

- 1.1 Paragraph 7.05 in Part 2 of the Council's Constitution outlines the role and purpose of the Council's Audit Committee.
- 1.2 The Committee is a key component of the Council's corporate governance and provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 1.3 Its purpose is to provide independent assurance to members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.
- 1.4 The Constitution also states that the Committee consists of eight members (seven non-executive councillors to reflect the political balance of the Council overall, and one independent person).

- 1.5 The proposed change would see the membership of the committee increase to nine members (seven non-executive councillors to reflect the political balance of the Council, and **two** independent people).
- 1.6 The co-option of independent members onto audit committees is considered good practice. The benefits include bringing additional knowledge and experience to the committee discussions and reinforcing political neutrality and independence.
- 1.7 The proposal to increase the number of independent members originated from the committee following a review of its own effectiveness. The committee felt that the co-option of an additional independent member would help strengthen the work of the committee.
- 1.8 If this proposal is approved the Council will also need to approve changing the Constitution as outlined above and detailed in Appendix A attached to this report.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having

due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

As a formal change to the Council's governance arrangements the proposals are not considered to have an adverse impact on people who share a protected characteristic compared with those who do not. In particular anyone will be entitled to apply for the position of independent member without regard to whether or not they have a protected characteristic.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

As a formal change to the Council's governance arrangements there are not considered to be any implications of the proposals for the JSNA or the JHWS

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

As a formal change to the Council's governance arrangements there are not considered to be any implications of the proposals for crime and disorder

3. Conclusion

The Audit Committee has recommended that the number of independent members on the committee be increased from one to two. The change would require an amendment to the Constitution, which falls within the remit of the Council.

4. Legal Comments:

The Council has power under section 102 of the Local Government Act 1972 to appoint to its committees individuals who are not members of the Council.

Decisions on the composition of the Council's committees are reserved to the full Council and the decision is therefore within the remit of the full Council

5. Resources Comments:

Acceptance of the recommendations in this report will result in a modest additional cost in terms of a co-opted members allowance and travel expenses for the additional member. It is envisaged this cost can be contained within the existing budget for member's allowances.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

n/a

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

No adverse impacts have been identified.

7. Appendices

Appendix A	Proposed changes to the Constitution
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8. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Nigel West, who can be contacted on 01522 552840 or nigel.west@lincolnshire.gov.uk.