

## **Appointment of Co-opted members to the Audit & Governance Committee**

### **Purpose**

- 1.1 This report seeks the agreement of the Committee to ask Council to approve the appointment of four Co-opted members to the Audit and Governance Committee.
- 1.2 The current Co-opted member Philip Sunderland has brought additional knowledge and expertise to the Committee, and it is proposed that this member is appointed for a further four years.
- 1.3 It is proposed that the three new Co-opted members are also appointed for four-year terms.

### **Recommendations**

- 2.1 To request that Full Council approve the appointments of Philip Sunderland, Paul Stone, David Webster and Anthony Doleman as Co-opted members to the Audit and Governance Committee for four-year terms, expiring on 18 May 2027.

### **Reasons**

- 3.1 Having independent members on Local Authority Audit Committees has proven to add value and enhance the reputation of the Committee from a good governance and independence perspective for those Councils who have adopted this approach.
- 3.2 This practice is also encouraged by the Chartered Institute of Public Finance and Accountancy (CIPFA) as the main accountancy body for local government.

### **Supporting information**

- 4.1 The Audit and Governance Committee, functioning in line with best practice, strengthens the Council's governance arrangements and increases public confidence in our integrity. It is important that the Audit and Governance Committee operates effectively and including independent members on this committee demonstrates that it does so with more visible independence.
- 4.2 Independent members with appropriate skills and experience to supplement those of elected members can also improve the effectiveness of the Audit and Governance Committee. The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced several pieces of guidance on this.

- 4.3 The co-option of independent members helps to bring additional knowledge and expertise to the Committee and also reinforces its political neutrality and independence.
- 4.4 CIPFA guidance states that in order to be effective, an audit committee needs a membership that has knowledge, experience and interest in the field. The Audit and Governance Committee benefits from independent members with financial awareness and independence of thinking to provide objective perspectives. The injection of an external view can often bring a new approach to Committee discussions.
- 4.5 CIPFA advises that a local authority should have regard to section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. The independent persons are able to attend and speak at meetings of the Committee, but they cannot vote.
- 4.6 Co-opted members' appointments must be formally approved by Full Council. While operating as a member of the Audit and Governance Committee, Co-opted members should follow the same code of conduct as elected members.
- 4.7 The primary considerations when considering audit committee membership should be maximising the committee's knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.
- 4.8 An advertisement for Co-opted members was published on the Council's website on 26 April and ran for five weeks up until 5 June. A shortlisting process then took place and it was decided that the current Co-opted member, Philip Sunderland, should be reappointed. Three candidates were then invited to be interviewed by the Director of Finance, Head of Democracy and Head of Internal Audit. After the interviews had been concluded it was clear that each of the three candidates had a unique set of skills which the Committee would benefit from. It was agreed that David Webster, Paul Stone and Anthony Doleman be recommended to the committee for appointment as Co-opted members.
- 4.9 David Webster is a fellow of the Chartered Institute of Internal Auditors and also holds a CIPFA Certificate in Corporate Governance. Mr Webster has previous experience within Internal Audit in the public and private sectors and has also served as a risk adviser for an NHS Primary Care Trust. Since 2019 Mr Webster has been a member of the South Yorkshire Pensions Authority Pension Board.
- 4.10 Anthony Doleman holds an Associateship of the Chartered Institute of Bankers. Mr Doleman has worked in the banking sector from 1979-2014. During his career Mr Doleman has held responsibility for risk management and the control environment along with legal, compliance and wider governance. He has held approved status with the Financial Conduct Authority as Money Laundering Reporting Officer. From 2015-2019 Mr Doleman provided consultancy services to financial services institutions. From 2017-2020 Mr Doleman served as a school governor and trustee and as a member of the school's Risk and Compliance Committee and the wider Board.

- 4.11 Paul Stone is a fellow member of the Chartered Institute of Public Finance and Accountancy and holds a Certificate in International Public Sector Financial Reporting. Mr Stone has worked in local government since the year 2000 and has numerous years of senior leadership experience in financial management and reporting, managing large teams in the finance function including technical finance, risk, insurance and treasury management. Mr Stone is also an Independent Member of the Lincolnshire Joint Police and Crime Commissioner Audit Committee.
- 4.12 Philip Sunderland has served on Derby City Council's Audit and Governance Committee since 2018. Mr Sunderland is a member of the Chartered Institute of Public Finance & Accountancy. Mr Sunderland served as a Board member and Chair of the Aspire Housing Audit Committee from 2001-2011. From 1972-2006 Mr Sunderland worked for District Audit and subsequently the Audit Commission. In his role as a Co-opted member of the City Council's Audit & Governance Committee, Mr Sunderland has asked relevant and detailed questions to seek information and assurance of Council officers, Internal Audit and External Audit. Mr Sunderland also served as an Independent Member of the Standards Committee from 2006-2023 and served as the Standards Committee Chair for two years.
- 4.13 The four proposed Co-opted members will together bring a wealth of knowledge and experience to the Audit and Governance Committee. The skills set of the four proposed Co-opted members complement each other and cover the important areas of risk management, internal and external audit, governance, financial management and reporting. The Chair and Vice-chair of the Audit and Governance Committee have been consulted on these appointments and have agreed with the proposal to increase the number of Co-opted members from two to four.

### **Public/stakeholder engagement**

- 5.1 Discussion that the Head of Internal Audit has had with Heads of Audit at some other local authorities who have co-opted members on their audit committees has established that independent membership strengthens the role and activities of their Audit Committees.

### **Other options**

- 6.1 There is no statutory requirement for appointment of Co-opted Members on an audit committee. Under government plans to introduce the Audit Reporting and Governance Authority (Arga) in 2024, local government audit committees will be required to have at least one independent member.

### **Financial and value for money issues**

- 7.1 There is a budgeted allowance of £1215 for each Co-opted Member under the Councillors' Allowances and Expenses Scheme.

### **Legal implications**

- 8.1 There is no legal requirement for Local Authorities to have an audit committee, though this and the appointment of co-opted members is recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with local government law, the co-opted members do not have voting rights.

### **Climate implications**

- 9.1 None directly arising from this report.

### **Other significant implications**

- 10.1 None directly arising from this report.

**This report has been approved by the following people:**

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal Finance Service Director Report sponsor Other(s)</b>	Alex Hough – Head of Democracy	18/07/2023

<b>Background papers:</b> <b>List of appendices:</b>
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