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**Decision Maker:**       **COUNCIL**

**Date:**                   **Monday 12 December 2022**

**Decision Type:**       Non-Urgent                               Non-Executive                               Non-Key

**Title:**                   **AUDIT AND RISK MANAGEMENT COMMITTEE - MEMBERSHIP**

**Contact Officer:**     Graham Walton, Democratic Services Manager  
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**Chief Officer:**        Tasnim Shawkat - Director of Corporate Services and Governance

**Ward:**                   All

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1.    Reason for decision/report and options

- 1.1   At its meeting on 2<sup>nd</sup> November 2022 the Audit and Risk Management Committee considered the attached report proposing the appointment of independent co-opted members to their Committee. The Committee decided to recommend to Council that the Constitution be amended to allow up to two non-voting co-opted independent members, and that the Chairman and Vice Chairman should agree a person specification. The Committee also specified that, subject to Council approval, the recruitment should take place more quickly than proposed in the original report (see paragraph 3.7 of this report.)
- 1.2   Council is also requested to confirm the appointment of Cllr Ruth McGregor to the vacant seat on the Committee, as nominated by the Labour Group.

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2.    **RECOMMENDATIONS**

- (1)   **That Council agrees an amendment to the Constitution to allow the appointment of up to two independent co-opted Members to Audit and Risk Management Committee.**
- (2)   **That Cllr Ruth McGregor be appointed to the Audit and Risk Management Committee.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: Not Applicable
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## Transformation Policy

1. Policy Status: Existing Policy
  2. Making Bromley Even Better Priority:  
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
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## Financial

1. Cost of proposal: No Cost
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Not Applicable
  4. Total current budget for this head: Not Applicable
  5. Source of funding: Not Applicable
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## Personnel

1. Number of staff (current and additional):
  2. If from existing staff resources, number of staff hours:
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## Legal

1. Legal Requirement: Statutory Requirement (Currently guidance supported by government, but legislation is expected)
  2. Call-in: Not Applicable: Full Council decisions are not subject to call-in
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## Procurement

1. Summary of Procurement Implications: Not Applicable
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## Property

1. Summary of Property Implications: Not Applicable
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## Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Not Applicable
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## Customer Impact

1. Estimated number of users or customers (current and projected): Not Applicable
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? No Not Applicable
2. Summary of Ward Councillors comments: Not applicable

### 3. COMMENTARY

- 3.1 The attached report to Audit and Risk Management Committee on 2<sup>nd</sup> November 2022 sets out the background to the proposed appointment of up to two independent co-opted members of the Committee. Since the report was first published there have been some developments which are set out in the paragraphs below. The Committee also agreed a quicker programme for appointing the new independent co-opted members (see paragraph 3.7.)
- 3.2 There is currently no defined timescale for the proposed legislation to introduce a requirement for independent co-opted members on Audit Committees - the consultation response simply states, "once parliamentary time allows." However, the Chartered Institute of Public Finance and Accountancy (CIPFA) updated its Position Statement on Audit Committees in 2022. This Position Statement is not mandatory but nonetheless, it is supported by the Department for Levelling Up, Housing and Communities and local authorities are expected to make best endeavours to comply with the principles of the Statement.
- 3.3 The updated Position Statement advises that "The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise".
- 3.4 CIPFA's detailed underpinning guidance was published in October 2022 and provides some further context and guidance, including its rationale for the inclusion of independent members as follows:
- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
  - To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
  - To help achieve a non-political focus on governance, risk and control matters.
  - Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
  - Having two co-opted members shows a commitment to supporting and investing in the committee. While including co-opted members can bring real value to the committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.
- 3.5 The proposed role description, attached for information as [Appendix A](#), aligns with this guidance, including the definition of 'independent' and the maximum terms of appointment. Any independent co-opted member appointed would not have voting rights; voting Members would consider any appropriate points raised by co-opted members when casting their votes.
- 3.6 The Council's Constitution does not currently mention the appointment of co-opted members to Audit and Risk Management Committee, so full Council's approval is sought.

## Proposed process

- 3.7 If Council agrees to the recruitment of up to two co-opted independent members to the Committee, the proposed process and indicative timescales are set out below.

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|------------------------------|--|
| December 2022 – January 2023 | If Council agrees the proposal, the Head of Audit and Assurance, the Director of Finance and the Monitoring Officer be authorised to advertise for co-opted non-voting member(s) of Audit and Risk Management Committee. |
| February 2023                | The Head of Audit and Assurance, the Director of Finance and the Monitoring Officer, in consultation with the Chairman of Audit and Risk Management Committee, be authorised to shortlist suitable candidates.           |
| March 2023                   | Interviews for shortlisted candidates, with a panel including the Director of Finance and a selection of Members from Audit and Risk Management Committee.   |
| June 2023                    | First meeting of Audit and Risk Management Committee with co-opted independent member(s).  |

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| <b>Non-Applicable Headings:</b>                       | Vulnerable Adults and Children/Policy/Finance/Personnel/Legal/Procurement/Property/Customers/Ward Councillors |
| Background Documents:<br>(Access via Contact Officer) | See attached report   |