

FALKIRK COUNCIL

Subject: REFERRAL FROM AUDIT COMMITTEE 22 MARCH 2010 – AUDIT COMMITTEE CONVENERSHIP AND APPOINTMENT OF LAY MEMBERS
Meeting: FALKIRK COUNCIL
Date: 28 April 2010
Author: CHIEF EXECUTIVE

1. INTRODUCTION

- 1.1 The purpose of this Report is to refer a Report considered by the Audit Committee to Council.

2. AUDIT COMMITTEE COVENERSHIP AND APPOINTMENT OF LAY MEMBERS

- 2.1 The Audit Committee considered the attached Report on 22 March. The Report itself was in response to an issue raised by Audit Scotland, as part of its audit of Falkirk Council, in relation to the Convenership of the Audit Committee. The Report also considered the issue of appointing external members to the Audit Committee.

The Audit Committee was invited to consider:-

- (1) guidance on the Convenership of Audit Committees and to make recommendations to Council as appropriate; and
 - (2) whether to co-opt additional Members to the Audit Committee and to make recommendations as appropriate.
- 2.2 The Audit Committee agreed to refer the Report to Council for consideration.

3. MAIN REPORT - CONSIDERATIONS

- 3.1 The Report to the Audit Committee set out Audit Scotland's comments in respect of the Convenership of the Audit Committee and, as requested by the Committee, included same detail of the CIPFA guidance relating to membership of Audit Committees, as well as information gathered on those local authorities which have chosen to co-opt external members.
- 3.2 It is clearly a matter for Council to appoint the Conveners of its Committees and, in referring the Report to Council, the Audit Committee is asking Council to consider whether to amend the current position whereby the Convener is the Leader of the Council.

- 3.3 In relation to the possible co-option of external members, the Report highlighted examples of where this has happened in Scotland.
- 3.4 If members are minded to appoint External Members to the Audit Committee, the following issues would need to be addressed:-
- the role of the External Member(s) – should they be formal Members of the Audit Committee with voting rights or should they act as advisers on matters such as risk management, governance and control;
 - whether the role of external Member(s) should attract remuneration over and above re-imbursement of travel and subsistence costs;
 - the appropriate number of individuals to be co-opted to the Committee (the norm within the small number of other Authorities who have made such appointments is for one or, at most, two), and the duration of the appointment. Arrangements for reviewing the effectiveness of any such appointments would also require to be established;
 - the recruitment process which would be employed (eg open recruitment, targeted recruitment or recruitment/secondment from one of the Council's community partners) and the establishment of an appropriate recruitment and selection panel. Recruitment would require to be undertaken in compliance with established Human Resources policies and procedures;
 - the induction, training and development of any external appointees. This could be delivered in-house or via attendance at relevant courses run by, for example, CIPFA.

4. RECOMMENDATION

- 4.1 Council is invited to consider the referral from the Audit Committee.

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Chief Executive
Date: 21 April 2010

List of Background Papers

None