

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2019/20

AUDIT COMMITTEE 17TH DECEMBER 2019	AGENDA ITEM NO. 3
REPORT OF THE SERVICE DIRECTOR FOR DEMOCRATIC SERVICES AND COMMUNICATION	AUDIT COMMITTEE – APPOINTMENT OF LAY MEMBER

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1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to advise the Audit Committee of the decision of the Chair to resign from his position of Lay Member to the Audit Committee at the end of the 2019-2020 Municipal Year. The report sets out arrangements to appoint a replacement Lay Member to the Audit Committee, in accordance with the Local Government (Wales) Measure 2011.

2. RECOMMENDATIONS

It is recommended that the Audit Committee:

- 2.1 Acknowledges the decision of the Lay Member of the Audit Committee to resign from his position at the end of the 2019-2020 Municipal Year;
- 2.2 Acknowledges the arrangements, as set out in the report, relating to the appointment of a new Lay Member to the Audit Committee for a term of office commencing from the beginning of the 2020-2021 Municipal Year until the next ordinary Local Government Elections in 2022; and
- 2.3 Notes that the [Local Government and Elections \(Wales\) Bill](#) contains provisions amending the constitution of the Audit Committee and its terms of reference.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure compliance with the current legislative requirement set out in the Local Government (Wales) Measure 2011 to appoint at least one Lay Member onto the Council's Audit Committee.
- 3.2 Rhondda Cynon Taf County Borough Council must ensure that the necessary arrangements are in place to appoint for the position of Lay Member.
- 3.3 The need to inform Members of the Welsh Government consultation in respect of the Local Government and Elections (Wales) Bill and provisions within the Bill relating to the constitution and governance of the Audit Committee.

4. BACKGROUND

- 4.1 In 2012, Rhondda Cynon Taf County Borough Council successfully appointed a Lay Member to its Audit Committee in accordance with the Local Government (Wales) Measure 2011.
- 4.2 The interview process was undertaken by the Council's Appointments Committee who then made a recommendation to Council in respect of a recommended appointment.
- 4.3 The process was considered to be successful and it is therefore suggested that a similar process is adopted this time.

5. APPOINTMENT PROCESS

- 5.1 Under the Local Government (Wales) Measure 2011 the Council is required to appoint to its Audit Committee, at least one person who is a Lay Member in addition to those who are Councillors.
- 5.2 It is proposed the Council's Service Director for Democratic Services & Communication advertise the position for a Lay Member of the Audit Committee on behalf of the Council with the aim of having an individual appointed for the first meeting of the 2020-2021 Municipal Year.
- 5.3 The Lay Person appointed should:
 - Be independent of politics;
 - Recognise and understand the value of the audit function;
 - Have no business connections with the Council;
 - Have an understanding of Local Government; and
 - Have the ability to meet the time commitment involved
- 5.4 Once the applications for the post have been received, a meeting of the Appointments Committee would be scheduled. The Appointments

Committee consists of a cross-party membership of five County Borough Councillors.

- 5.5 Following an interview and selection process, the Appointments Committee would make its recommendation back to the Council in respect of the recommended candidate for ratification.
- 5.6 It is proposed the Lay Member be appointed for a term of office until the next ordinary Local Government Elections in 2022.

6. LOCAL GOVERNMENT AND ELECTIONS (WALES) BILL

- 6.1 Members will be aware of the Local Government and Elections (Wales) Bill, which was introduced by Julie James AM, Minister for Housing and Local Government on the 18th November 2019. The White Paper 'Power to Local People' made a number of proposals for strengthening the internal governance and accountability arrangements in principal councils as a consequence of removing councils from the improvement regime in Part 1 of the 2009 Measure. A key proposal was to clarify and strengthen the role of principal council audit committees, given the proposal to increase their functions significantly. Provisions in the Bill amend the 2011 Measure to change the name of the Audit Committee to the 'Governance and Audit Committee' to reflect this broader role; set out the new functions of the committee and amend the rules relating to the membership and proceedings of the committee.
- 6.2 In relation to the governance of the Audit Committee, the Bill prescribes that one third of members must be lay members and that the Chair must be a lay member. The member appointed as the Deputy Chair must also not be a member of the local authority's executive or an assistant to its executive.
- 6.3 Should the Bill be passed into legislation as drafted, given one third of the Council's Audit Committee membership would need to consist of lay persons, a further recruitment process would be carried out at the appropriate time to comply with any changes required by the legislation.

7. CONSULTATION / INVOLVEMENT

- 7.1 This report is for information purposes and therefore, no consultation is required.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 There are no equality and diversity implications.

9. FINANCIAL IMPLICATIONS

- 9.1 The Annual Report of the Independent Remuneration Panel states that a Member on an Audit Committee is entitled to remuneration and as such, the Rhondda Cynon Taf Member's Schedule of Remuneration for 2019-20 can be accessed [here](#).
- 9.2 This entitlement comprises the daily fee of £198 (£99 for a half day). Should the Lay Member be appointed Chairman of the Committee, the respective fees payable would increase to £256 and £128.
- 9.3 For the purposes of claiming, a half day meeting is defined as up to four hours, with a full day meeting defined as over four hours. The payment will be capped at a maximum of the equivalent of 10 full days a year for each Committee to which an individual may be co-opted or is eligible to attend.

10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 10.1 The Council is required to comply with the provisions of the Local Government (Wales) Measure 2011 in relation to the membership of the Audit Committee.

11. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 11.1 The work of the Audit Committee supports the delivery of the priorities contained within the Council's Corporate Plan – *The Way Ahead*, in particular 'Living Within Our Means' through ensuring that appropriate internal controls are in place to effectively manage resources.
- 11.2 As previously mentioned, under the Local Government (Wales) Measure 2011 the Council is required to have on its Audit Committee at least one person who is a Lay Member in addition to those who are Councillors.

12. CONCLUSION

- 12.1 Following the resignation of the Lay Member from Rhondda Cynon Taf Council's Audit Committee, to be effective from the end of the 2019-20 Municipal Year, necessary arrangements must be put in place to appoint their replacement into the position of Lay Member.

Other Information:-

Relevant Scrutiny Committee – Finance & Performance Scrutiny Committee

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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AUDIT COMMITTEE

17TH DECEMBER 2019

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