

WEST MIDLANDS FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

15 OCTOBER 2012

1. **INDEPENDENT MEMBERS OF THE AUDIT COMMITTEE**

Report of the Clerk.

RECOMMENDED

THAT this matter be kept under review in the light of the outcome of the consultation document.

2. **PURPOSE OF REPORT**

This report is submitted in response to a question at the last meeting with regard to the arrangements for appointing independent members to the Audit Committee.

3. **BACKGROUND**

- 3.1 An independent member was first appointed to the Authority's Audit Committee in 2008 in response to good practice guidance from CIPFA. The guidance stated that co-option could be beneficial for authorities in terms of enforcing the independence of the Committee. Mr Ager was the successful candidate following an interview by members of the Audit Committee and has continued as the independent member to date.
- 3.2 At its meeting on 6 June, 2011 the Committee considered a consultation document on the future of local public audit. The document proposed that the number of independent members on audit committees be increased to establish a majority of independent members. The document also suggested a number of criteria for the selection of independent members.
- 3.3 The Committee was consulted and contributed to the Authority's response to the consultation. It felt that the suggested criteria for the selection of independent members were appropriate. However it felt that guidance was required from DCLG as to how long an independent member retained

independence. With regards to increasing the number of independent members, it was highlighted that this has been difficult historically with a low response rate to advertisements. In addition, it was felt that the requirements to attract suitably skilled independent members as a consequence of the proposed public audit framework would make it even more difficult to source independent members of the appropriate calibre. It was acknowledged that remuneration would encourage more interest, however, this could also compromise the independence and would increase the costs associated with the implementation and delivery of the new public audit framework.

- 3.4 The Government issued its response to the consultation in January, 2012. The response accepted that the sourcing of sufficient independent members with sufficient skill sets will prove difficult for public bodies. However, to meet the requirements of localism, decentralisation and transparency; it is anticipated that legislative provision will be made that will require an Independent Auditor Appointment Panel to appoint the auditor for the Authority.
- 3.5 The consultation had indicated that a number of local authorities were interested in undertaking joint procurement exercises of auditors and sharing Independent Audit Appointment Panels or independent members. It is anticipated that arrangements will therefore be put in place to allow local public bodies to share appointment panels (and therefore independent members) to ease administration burdens and reduce costs.
- 3.6 The Authority has appointed Grant Thornton as its external auditors from 1 September, 2012 for a period of five years. The position with regards to independent members on the Committee is still not confirmed and therefore it is proposed that the matter be kept under review and the Committee will be updated as and when further details become known.

4. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report will not lead to a policy change.

5. **LEGAL IMPLICATIONS**

The course of action recommended in this report does not raise issues which should be drawn to the attention of the Authority's Monitoring Officer.

6. **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

NEERAJ SHARMA
CLERK AND MONITORING OFFICER

BACKGROUND PAPERS

DCLG Future of Local Public Audit Consultation, issued April 2011

Report to the Audit and Performance Management Committee dated 6 June, 2011 – Future of Local Public Audit Consultation.

Report to the Authority dated 27 June, 2012 - Future of Local Public Audit Consultation (Response)

Report to the Audit and Performance Management Committee dated 26 March, 2012 - Government Response to Future of Local Audit Consultation