

Gwynedd Council

Operational Arrangements of the Audit and Governance Committee

1 BACKGROUND

1.1 Statement of Purpose

1.1.1 The Committee has a continuous role in the process of providing good governance. The core purpose of an audit committee is to provide independent assurance on the adequacy of the risk management framework and associated control environment, independent scrutiny of the authority and non-financial performance to the extent that it affects their exposure to risk and weakens the control environment and to oversee the financial reporting process.

1.1.2 The Audit and Governance Committee meets at least 4 times a year.

1.2 Local Government (Wales) Measure 2011

1.2.1 In accordance with the Local Government (Wales) Measure 2011 Part 6, Chapter 2 Gwynedd Council must establish an Audit Committee with some mandatory functions, and also has the right to perform any other suitable functions.

1.2.2 Section 81 of the Measure states:

81 Local authorities to appoint audit committees

- (1) A local authority must appoint a committee (an “audit committee”) to—
 - (a) review and scrutinise the authority's financial affairs,
 - (b) make reports and recommendations in relation to the authority's financial affairs,
 - (c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
 - (d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
 - (e) oversee the authority's internal and external audit arrangements, and
 - (f) review the financial statements prepared by the authority.
- (2) A local authority may confer on its audit committee such other functions as the authority considers suitable to be exercised by such a committee.
- (3) It is for an audit committee to determine how to exercise its functions.

1.2.3 Local Government (Wales) Measure 2011 Part 6, Chapter 2 has been included in the Appendix.

1.2.4 In addition to this statutory role, the Audit and Governance Committee is also responsible for reviewing and scrutinising matters relating to the Council’s internal operation such as corporate strategies, partnerships, engagement, business transformation, efficiency arrangements and the workforce.

1.3 Purpose of the Operational Arrangements

1.3.1 The purpose of the Operational Arrangements of the Audit and Governance Committee are:

- To set out how the Audit and Governance Committee will exercise its functions, in accordance with Section 81(3).
- To refer to any guidance given by the Welsh Ministers, and outline how the Council will respond to them.
- Explain what additional roles that the Council has been given the Audit and Governance Committee and how it will achieve these.

1.4 Welsh Government Guidance

1.4.1 Section 85 of the Measure states:

85	Guidance
(1)	The Welsh Ministers may give guidance to local authorities—
(a)	about the functions of audit committees and the exercise of those functions, or
(b)	about the membership of audit committees.
(2)	A local authority and its audit committee must have regard to guidance given by the Welsh Ministers under subsection (1).

1.4.2 The current guidance pursuant to Section 85 of the Measure was published in June 2012. The relevant section on this statutory guidance is also included in the Appendix.

1.4.3 The Audit and Governance Committee will receive a report, at the earliest practical meeting, about any new guidance issued by Welsh Ministers in accordance with Section 85 of the Measure.

2 STATUTORY FUNCTIONS PURSUANT TO THE 2011 MEASURE

2.1 Reviewing the Authority's financial affairs

How does the Audit and Governance Committee meet its statutory duties to review and scrutinise the authority's financial affairs and make reports and recommendations in relation to the authority's financial affairs?

- 2.1.1 The Committee will receive quarterly reports by the Head of Finance that outline the situation of the Authority's revenue and capital budgets. The role of the Committee is not to challenge policy decisions (other than where it has a scrutiny function), but rather to obtain assurance that sound budgetary and financial management arrangements are practiced across the Council.
- 2.1.2 The Committee will scrutinise and challenge the following:
- The Treasury Management Policy Statement for the following year to the February / March meeting
 - Treasury Management Strategy Statement to the February / March meeting
 - Minimum Revenue Provision Strategy to the February / March meeting
 - Annual Investment Strategy for the following year to the February / March meeting
 - Mid Year Review of Treasury Management activities to the November meeting
 - Annual Report on actual Treasury Management activities to the September meeting
- 2.1.3 Consideration will be given to any adjustments to the Treasury Management Strategy or Policy Statements during the financial year

2.2 Risk management, internal control and corporate governance

How does the Audit and Governance Committee meet its statutory duties to review and assess the risk management, internal control and corporate governance arrangements of the authority? How will it make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements?

Raising awareness of risk management, internal control and corporate governance

- 2.2.1 To achieve fully its role, the Committee will raise awareness across the Council on issues relating to risk management, internal control and corporate governance.

Annual Governance Statement

- 2.2.2 Part of the key duties of the Committee will be to support and review the arrangements for preparing the Annual Governance Statement, by ensuring that the committee's work programme includes tasks to check how the Council maintains its governance framework, and to review its effectiveness.
- 2.2.3 The draft version of the Annual Governance Statement will be presented to the Committee at its June meeting.
- 2.2.4 The Committee will receive assurance that the contents of the Annual Governance Statement action plan is receiving attention.

Internal Audit Report

- 2.2.5 The Audit will receive the annual report of the Head of Internal Audit, who is the Audit Manager.

- 2.2.6 A report will be submitted to each meeting of the Audit Committee outlining the results of Internal Audit work during the previous period. This report will usually include the audit report; if a memorandum was released, the report will contain a brief summary. Where appropriate, the audit report will have been placed in an opinion category that reflects the overall view of the standards of internal controls found during an audit, and how effective the internal controls were being implemented. The Committee does not have the powers to force a change in the opinion category for any individual report.
- 2.2.7 The Audit Committee will approve any changes in the method for placing audit reports in opinion categories.
- 2.2.8 Information will be presented to the Audit Committee about the results of Internal Audit follow-up work on the progress of actions agreed upon during audits.
- 2.2.9 Where significant and serious control weaknesses are discovered, or irregularities have arisen from such weaknesses, a full report will be presented to the Committee for further consideration.

Anti-Fraud

- 2.2.10 The Committee will promote an anti-fraud and anti-corruption culture within the Council.
- 2.2.11 It will receive regular confirmation that the Council's procedures to prevent and detect fraud against it continue to operate effectively.
- 2.2.12 The Committee will review and approve the Council's Anti Fraud and Anti Corruption Strategy and the Fraud Response Plan.
- 2.2.13 Reports on issues relating to irregularities or fraud will not be presented to the Committee until any criminal procedures and / or disciplinary hearing is completed.

Risk Management

- 2.2.14 Regular reports will be presented to the Committee so that it can obtain assurance that the risk management arrangements are operating as outlined in the Council's Risk Management Strategy.
- 2.2.15 It will hold officers and members to account for any failures to give due consideration to risk matters.
- 2.2.16 As part of its governance role, it will consider the risks that various partnerships present to the Council.
- 2.2.17 The Committee will consider the risks presented by individual projects, and ensure that appropriate attention is given to those risks.

Reports by External Auditors and Regulators

- 2.2.18 As a matter of course, the Committee will receive an annual report from the Financial Auditors on the Statements of Accounts for Gwynedd Council and Gwynedd Pension Fund.
- 2.2.19 It will also receive reports from the external auditor on any matter regarding corporate governance, or on issues that are within the purview of the Committee's scrutiny work, namely those relating to the Council's internal operation.
- 2.2.20 In addition, twice a year the Committee will receive an assurance that every recommendation or proposal for improvement by external regulators or auditors are addressed, by reviewing a list of them and agreeing to remove from the list those that the Committee is satisfied have received due and sufficient attention.

Accountability

- 2.2.21 Any officer or member called to attend an Audit and Governance Committee meeting must do so. They must answer any questions asked of them save ones which they could refuse to answer if they were in court. The committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

Annual Report

- 2.2.22 The Audit and Governance Committee will publish an annual report, supported by relevant officers, on its work during the previous period.

2.3 Internal and External Audit

How does the Audit and Governance Committee meet its statutory duties to oversee the authority's internal and external audit arrangements?

Internal Audit

- 2.3.1 The Committee will approve the annual work plan of the Internal Audit service after challenging its contents, and will approve any amendments during the year.
- 2.3.2 As part of this work, there is a need to ensure that there is a link between the annual work plan and the Council's risks.
- 2.3.3 A report monitoring progress against the agreed audit plan will be presented regularly to meetings of the Committee.

External Auditors

- 2.3.4 The Committee will receive the external auditor's work plan on the Accounts of the Council and Gwynedd Pension Fund.
- 2.3.5 The Committee needs to receive timely reports on any changes in professional standards or code of practice for the provision of Internal Audit.
- 2.3.6 The Committee will consider any changes to the external audit system suggested by the Auditor General or his representative.
- 2.3.7 The Committee will ensure that Internal Audit and the external auditor comply with any joint protocol between them to ensure that duplication of work is kept to the minimum possible.

2.4 Financial statements

How does the Audit and Governance Committee meet its statutory duties to review the financial statements prepared by the authority?

- 2.4.1 The Audit Committee will act as "those charged with governance" pursuant to international standards relating to accounting and auditing.
- 2.4.2 The Committee will receive the financial reports subject to audit during July every year, after they have been certified by the Head of Finance, including the financial statements of Gwynedd Pension Fund.
- 2.4.3 It will receive the final financial statements before 30 September in each year, and will challenge their contents.
- 2.4.4 The Committee will give consideration to compliance with applicable accounting policies.

3 SCRUTINY FUNCTIONS

3.1 Area of work

3.1.1 In accordance with the Council's Constitution, the Audit and Governance Committee is responsible for reviewing and scrutinising matters relating to the Council's **internal operation** such as corporate strategies, partnerships, engagement, business transformation, efficiency arrangements and the workforce.

3.1.2 However, the Constitution is also clear that the Audit and Governance Committee is an "audit committee" in accordance with Part 6 Chapter 2 of the Local Government (Wales) Measure 2011 in all its deeds, not a "scrutiny and overview committee" in accordance with Part 2 of the Local Government Act 2000 and Part 6 Chapter 1 of the Local Government (Wales) Measure 2011.

3.2 Operational Arrangements

3.2.1 To ensure that the Committee conducts its scrutiny functions consistently and to the expected standards, it will meet regularly with Scrutiny Officers to agree on issues for scrutiny, and any investigations to be held.

3.2.2 The Committee, when conducting its scrutiny functions, will do so in accordance with those specific functions that are outlined in Part 7 of the Council's Constitution, which are:

Policy Development and Review

- (a) Consider the impact of policies to assess if they have made a difference;
- (b) Assist the Council and the Cabinet in the development of its Budget and Policy Framework by in depth analysis of policy issues;
- (c) Conduct research, community and other consultation in the analysis of policy issues and possible options;
- (d) Question Members of the Cabinet and/or Committees and Chief Officers from the Council about their views on issues and proposals affecting the area; and
- (e) Liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interest of local people are enhanced by collaborative working

Scrutiny

- (a) Review and scrutinise the decisions by and performance of the Cabinet and/or Committees and Council Officers in relation to individual decisions and over time;
- (b) Review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
- (c) Question Members of the Cabinet and/or Committees and Chief Officers from the Council about their decisions and performance, whether generally in comparison with service plans and targets over a period of time, or in relation to particular decisions, initiatives or project;
- (d) Make recommendations to the Cabinet and/or appropriate Committee and/or Council arising from the outcome of the scrutiny process;
- (e) Review and scrutinise the performance of other public bodies and designated persons in the area and invite reports from them by requesting them to address the Scrutiny Committees and local people about their activities and performance; and
- (f) Question and gather evidence from any person (with their consent).

4 COMMITTEE EFFECTIVENESS

4.1.1 The Committee will conduct an annual self-assessment using the checklist provided by CIPFA in its publication *Audit Committees: Practical Guidance for Local Authorities and Police* (2013).

4.1.2 The Committee will adopt an appropriate training program for its members.

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Local Government (Wales) Measure 2011

2011 CHAPTER 4

PART 6

OVERVIEW AND SCRUTINY

CHAPTER 2

AUDIT COMMITTEES

81 Local authorities to appoint audit committees

- (1) A local authority must appoint a committee (an “audit committee”) to—
 - (a) review and scrutinise the authority’s financial affairs,
 - (b) make reports and recommendations in relation to the authority’s financial affairs,
 - (c) review and assess the risk management, internal control and corporate governance arrangements of the authority,
 - (d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,
 - (e) oversee the authority’s internal and external audit arrangements, and
 - (f) review the financial statements prepared by the authority.
- (2) A local authority may confer on its audit committee such other functions as the authority considers suitable to be exercised by such a committee.
- (3) It is for an audit committee to determine how to exercise its functions.

82 Membership

- (1) A local authority is to appoint the members of its audit committee.
- (2) A local authority must secure that—

Status: This is the original version (as it was originally enacted).

- (a) at least two-thirds of the members of its audit committee are members of the authority;
 - (b) at least one member of its audit committee is a lay member;
 - (c) no more than one of the members of its audit committee is a member of the authority's executive;
 - (d) the senior member of its executive is not a member of its audit committee.
- (3) Subsection (2)(c) does not require the membership of a local authority's audit committee to include a member of the authority's executive.
- (4) The appointment of a person as a member of an audit committee has no effect if the membership of the committee breaches subsection (2) immediately after the appointment (whether or not by virtue of the appointment).
- (5) In a case where one or more persons are to become, or to cease to be, members of an audit committee at a particular time, all those changes of membership are to be taken into account in determining whether the membership of the committee breaches subsection (2).
- (6) An act of an audit committee is invalid if the membership of the committee breaches subsection (2).

83 Proceedings etc

- (1) An audit committee is to appoint the person who is to chair the committee (who may be a member of the authority or a lay member but who must not be a member of an executive group).
- (2) If there are no opposition groups, the person who is to chair the audit committee may be a member of an executive group but must not be a member of the local authority's executive.
- (3) All members of an audit committee may vote on any question that falls to be decided by the committee.
- (4) An audit committee of a local authority—
- (a) may require members and officers of the authority to attend before it to answer questions, and
 - (b) may invite other persons to attend meetings of the committee.
- (5) It is the duty of any member or officer of a local authority to comply with any requirement imposed under subsection (4)(a).
- (6) A person is not obliged by subsection (5) to answer any question which the person would be entitled to refuse to answer in, or for the purposes of, proceedings in a court in England and Wales.
- (7) An audit committee is to be treated as a committee of a principal council for the purposes of Part 5A of the Local Government Act 1972 (access to meetings and documents of certain authorities, committees and sub-committees).
- (8) For the purposes of subsections (1) and (2), the expressions “executive group” and “opposition group” have the same meaning as in section 75.

84 Frequency of meetings

- (1) An audit committee must meet once in every calendar year.
- (2) The audit committee of a local authority must also meet if—
 - (a) the local authority resolves that the committee should meet, or
 - (b) at least one-third of the members of the committee requisition a meeting by one or more notices in writing given to the person who chairs the committee.
- (3) It is the duty of the person who chairs an audit committee to secure that meetings of the committee are held as required by subsections (1) and (2).
- (4) This section does not prevent an audit committee from meeting otherwise than as required by this section.

85 Guidance

- (1) The Welsh Ministers may give guidance to local authorities—
 - (a) about the functions of audit committees and the exercise of those functions, or
 - (b) about the membership of audit committees.
- (2) A local authority and its audit committee must have regard to guidance given by the Welsh Ministers under subsection (1).

86 Termination of membership on ceasing to be member of authority

- (1) This section applies to a person (P) who is—
 - (a) appointed to be a member of an audit committee of a local authority, and
 - (b) is a member of the authority at the time of that appointment.
- (2) If P ceases to be a member of the authority, P also ceases to be a member of the audit committee.
- (3) But subsection (2) does not apply if P—
 - (a) ceases to be a member of the authority by reason of retirement, and
 - (b) is re-elected a member of the authority not later than the day of retirement.
- (4) Subsection (3) is subject to the standing orders of the authority or the audit committee.

87 Interpretation etc

- (1) Expressions used in this Chapter and in Part 2 of the Local Government Act 2000 (or in an instrument made under that Part of that Act) have the same meanings in this Chapter as in that Part of that Act (or in that instrument).
- (2) In this Chapter—
 - “audit committee” (“*pwyllogor archwilio*”) has the meaning given in section 81;
 - “lay member” (“*aelod lleyg*”) means a person who is not a member of a local authority;
 - “senior member of a local authority” (“*aelod hŷn awdurdod lleol*”) means

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- (a) in the case of a local authority which operates a leader and cabinet executive (Wales), the executive leader;
 - (b) in the case of a local authority which operates a mayor and cabinet executive, the mayor.
- (3) In the application of this Chapter to a local authority which operates alternative arrangements—
- (a) a reference to the executive of the authority is a reference to the board of the authority, and
 - (b) a reference to the senior member of the authority is a reference to the chair of the board of the authority.



Llywodraeth Cymru
Welsh Government

www.cymru.gov.uk

Statutory Guidance from the Local Government Measure 2011

June 2012

Chapter 9 Audit Committees

Statutory Guidance made under Section 85 of the Local Government (Wales) Measure 2011

Introduction

9.1 Part 6 of the Measure, deals with Overview and Scrutiny, including, at Chapter 2 of that Part, Audit Committees. The Welsh Government's intention through these provisions was to ensure that all local authorities in Wales would have an audit committee (as has been recommended by the Chartered-Institute of Public Finance and Accountancy [CIPFA] since 2005). Our view is that audit committees are positive features which should help improve strategic planning and facilitate both scrutiny and challenge within the structures of a council.

What the Measure requires

9.2 Sections 81 to 87 make provision for audit committees. They require each county or county borough council to appoint an audit committee with the following functions:

- Review, scrutinise and issue reports and recommendations in relation to the authority's financial affairs;
- Review, scrutinise and issue reports and recommendations on the appropriateness of the authority's risk management, internal control and corporate governance arrangements;
- Oversee the authority's audit arrangements and review its financial statements.

9.3 In addition to these statutory functions, a local authority can confer other functions on the committee which it deems suitable for it. Each audit committee can decide **how** it wants to carry out its functions, but in doing so it **must** have regard to this guidance.

9.4 The full council should decide who to appoint as members of its audit committee and it can determine that up to a third of its members are to be from outside the council. In fact, at least one member of the committee **must** be a lay member. It is permissible for only one of the committee's members to be from the council's executive, and this must not be the leader (or elected mayor). The council **must** have regard to this guidance when determining the membership of its audit committee.

9.5 The chair of the committee is to be decided upon by the committee members themselves. It can be a councillor or a lay member but, in the former case, must not be a councillor who belongs to a group with members in the executive. An exception to this is where there are no opposition groups, in which case any of the committee's members may become chair except for any member of the committee who is also a member of the executive. All committee members, including lay members, have the right to vote on any issue considered by the committee.

9.6 Any officer or member called to attend an audit committee meeting must do so. They must answer any questions asked of them save ones which they could refuse to answer if they were in court. The committee can invite other persons to attend before it, but anyone else so invited to attend is under no compulsion to do so.

9.7 The audit committee is subject to normal arrangements of openness. Meetings should be held in public, agendas and reports should be published and available for inspection. The exception to this is where “exempt items” are being considered, which are chiefly matters which involve discussions concerning named individuals or commercial in confidence matters.

9.8 The committee must meet at least once a year and must also meet if the full council so decides, or if at least a third of the committee’s members require that a meeting be held. Beyond these stipulations, the committee can meet whenever it likes.

Functions of an audit committee

9.9 The Assembly Government has previously endorsed CIPFA’s publication *“Audit Committees: Practical Guidance for Local Authorities”* and continues to do so, together with their publication *“A toolkit for Local Authority Audit Committees”*.

Information on these publications can be found here:

<http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/EN/product/AU025>

<http://www.cipfanetworks.net/governance/shop/pubs/default.asp?pub=laatoolkit&page=4>

9.10 Although the former publication is somewhat dated (published in 2005) its principles are still valid. Local authorities are advised to view those documents as being complimentary to this guidance.

Reviewing the authority’s financial affairs

9.11 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of its financial affairs. Putting in place the audit committee and providing it with the duty to keep the authority’s financial affairs under review must be viewed as assisting in the fulfilment of this requirement.

9.12 This is an area which is given close attention by the authority’s external auditors and ties in with the duty of the audit committee to oversee the arrangements for internal and external audit, and also the need to monitor the internal control and risk management arrangements made by the authority.

9.13 Local authorities should make their own arrangements, probably in their constitution, to provide for clear demarcation between the role of an audit committee

and that of a relevant scrutiny committee. The audit committee role would currently be more to seek assurance that the budgetary control systems (as an internal control) of the council are working, rather than the actual scrutiny of spend and this may serve as acceptable demarcation between the role of the audit committee and that of a scrutiny committee.

Risk management, internal control and corporate governance

9.14 The attention to this matter should raise the profile of risk management as a necessary control tool within the authority as a whole. By providing regular review, the audit committee forms a significant part of the authority's corporate governance structure.

9.15 The authority should adopt a Statement of Purpose for its audit committee along the lines included in Chapter 2 of the CIPFA guidance, ensuring that the committee is given a prime role in ensuring that effective corporate governance is central to the organisation's procedures. As such, the audit committee should have access to the Annual Governance Statement and Corporate Governance Strategy. A high profile for the audit committee should help to raise public confidence that the authority has a solid approach towards its financial and organisational propriety.

9.16 The audit committee will need to report on the adequacy of the authority's risk management and internal control arrangements, and comment on their effectiveness, as well as following up on risks identified by auditors and requiring reports as to action taken in response. This means that the authority must ensure that audit committees are provided with all copies of auditor's reports, or the summary finding if felt more appropriate.

Internal and external auditors

9.17 A properly operating audit committee should provide the authority's chief finance officer with advice which can serve to bolster the work of internal and external auditors. The committee can ensure that audit reports are kept in the authority's mind, so timing of meetings might be planned so as to effectively follow-up auditors' recommendations.

9.18 The audit committee will expect to input into the planning of the internal audit priorities, approving the annual programme of audits and ensuring that the internal auditors have the necessary resources to conduct their work effectively. They will want to meet with the Head of Internal Audit and receive his/her annual report.

9.19 The audit committee should also receive the reports from the external auditors and follow up their recommendations during the year. The committee should have a role in agreeing the authority's response to the auditor's letters or reports as well as being able to meet with the external auditor.

9.20 In addition, the audit committee should receive and consider reports from any other regulators or inspectors. In respect of these, the authority will need to ensure there is no unnecessary duplication between the audit committee and any overview and scrutiny committee in considering such reports.

Financial statements

9.21 Before their approval by the authority, the audit committee should consider and comment on the authority's certified draft financial statements. They will want to see to what extent the statements take cognisance of audit reports during the year, and changes in accounting policy and internal control mechanisms. Audit committees may approve the financial statements themselves where local authorities have delegated that power to them under regulation 9 of the Accounts and Audit Regulations (Wales) 2005 (as amended).

9.22 CIPFA's "toolkit" should be used to assist in the proper scrutiny of these statements.

9.23 Reports and recommendations by the audit committee should be considered by full council in particular, as well as the executive.

Membership

9.24 The rules within section 15 *et seq* of the Local Government and Housing Act 1989 do not apply to audit committees. It is not therefore a statutory requirement to ensure that political balance is achieved when the committee members are appointed. The authority must however decide how many non-councillors should be appointed to the committee, and all members of the committee should display independence of thinking and unbiased attitudes, and must recognise and understand the value of the audit function. It is strongly recommended that the balance of members of the committee is at least as favourable to non-executive groups as would be achieved by political balance rules. It will help the authority if the audit committee has the appearance of independence from the leadership.

9.25 All new members will need to be provided with induction training. Although it is to be hoped that appointed councillors would have some relevant expertise, this cannot be guaranteed. What will be important, though, is to try and ensure that members do not have any other responsibilities which might conflict with their audit role. That might be particularly the case in the choice of any executive member on the committee. It may also mean that the members should not have too many other commitments, in general in terms of committee membership because of the significant commitment which being a member of the audit committee implies. All members should receive adequate training and development, and particular attention should be paid to the section on training and awareness in the CIPFA "toolkit".

9.26 The audit committee should try and ensure that they appoint a member as chair who will be strong and experienced enough to lead the questioning which the committee will have to perform.

9.27 There must be at least one lay member on the committee but they could constitute up to a third of the membership if an authority so decided. Whatever recruitment method is employed, lay members should be independent from the council and have no business connection with it, although knowledge of how local government functions would be a definite advantage. In appointing lay members whose political allegiances are well known, local authorities should consider if this

compromises the independence from the council a lay member should possess. It is recommended that councils follow a public recruitment exercise, similar to that used to appoint members of standards committees, to recruit their lay members. It is recommended that a lay member should not be appointed for more than two full terms of a local authority. Any lay member with voting rights is subject to the provisions of the authority's Code of Conduct for Members.

9.28 As a committee of the council, meetings of the audit committee should be open to the public, except when exempt matters are being discussed.