EAST SURREY SHADOW AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 2 September 2026

REPORT OF: Interim Section 151 Officer

SUBJECT: Recruitment and Selection process for two Independent Co-Opted Members to the Audit and Governance Committee until March 2031.

Purpose of the Report:

1. This report requests that the East Surrey Shadow Audit and Governance Committee consider and endorses the proposed process for the appointment of two Independent Co-Opted Members for the remainder of the Shadow Period and thereafter for a four-year term until 31 March 2031.

Recommendations:

It is recommended that the East Surrey Shadow Audit and Governance Committee resolves to:

1. Approve the recruitment and selection process to appoint two co-opted independent members to the Audit and Governance Committee for the remainder of the Shadow Period and thereafter for a further four-year term until 31 March 2031.

Reason for Recommendations:

2. The appointment of Independent Co-Opted Members is recommended by CIPFA (Chartered Institute of Public Finance and Accountancy) as set out in its Position Statement: Audit Committees in Local Authorities and Police 2022 and the East Surrey Shadow Authority Constitution includes the provision for such appointments in Part 3-B5.

3. The Independent Co-opted Member role is to support the Council's Audit and Governance Committee and to provide independent assurance to the Members of the Shadow Authority and its wider residents and stakeholders.

Options, including alternatives (if any)

4. **Option 1 (recommended)**: The Committee is asked to endorse the proposed process for the appointment of two Independent Co-Opted Members. Appointing Independent Co-Opted Members to the Shadow Audit and Governance Committee brings significant benefits by strengthening governance and enhancing public confidence. Independent Co-Opted Members provide objective challenge, which supports robust scrutiny of financial management, risk, and internal controls. Their external perspective and specialist expertise help identify issues and gain assurance. This

independence promotes transparency and accountability, aligning with best practice guidance from CIPFA and the Local Government Association.

5. **Option 2**: The Committee could decide to recommend that only one Independent Co-Opted Member is appointed. The key advantage in appointing two members is that it would help to reduce the risk of reliance on one Independent Co-Opted Member who may on occasion be unable to attend meetings of the Shadow Audit and Governance Committee. Two would also satisfy CIPFA best practice guidance.

6. **Option 3**: The Committee could decide to not appoint Independent Co-Opted Members. This option is not recommended as it contradicts CIPFA guidance and the East Surrey Shadow Authority has in any case, already established the terms of reference for the Shadow Audit and Governance Committee to include up to two independent members and the proposal supports implementation of those terms of reference.

Summary:

7. Independent Co-Opted Members on Council committees are not elected representatives but are recruited to join a committee. The objective of including such Members is to increase the knowledge and experience bases of a committee, reinforcing its independence.

8. Whilst the inclusion of independent Members is a legislative requirement for authorities in Wales and combined authorities only in England, CIPFA recommends that Local Authority Audit Committees should make provision for the inclusion of two co-opted independent members.

9. The East Shadow Authority Constitution was drafted with this CIPFA guidance in mind; the guidance itself follows the Government's response (in December 2020) to the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting.

Benefits of Independent Co-Opted Members

10. The reasons for CIPFA's recommendation are 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.

<u>The role of the Independent Co Opted Member</u>

11. Independent Co-Opted Members would be afforded voting rights as set out in the Shadow Authority Constitution (Part 3-B5, Terms of Reference of the Audit and Governance Committee, paragraph 5).

12. However, there would be some exclusions to these voting rights; specific examples include the inability to vote on the Statement of Accounts, Council Policy or delegated decisions. Whilst the Independent Co-opted Member is unable to take part in the decision, they can, of course, contribute to the discussions prior to the formal decision. Equally, in the case of a recommendation from the Audit and Governance Committee to another Council Body, as the Committee would be acting in an advisory capacity, the Independent Co-opted Member should be able to take part fully.

<u>The recruitment process</u>

13. The recruitment process will need to have regard to the following provisions in the East Surrey Shadow Constitution–

    (a) To be eligible for appointment, candidates must not be engaged in party political activity or have been, at any time in the preceding five years, a member, co-opted member or officer of Surrey County Council or any of the East and West Surrey councils, or of a Parish Council within the Shadow Authority’s area or be a relative or close friend of a councillor or officer of the Shadow Authority.

    (b) Ideally candidates will have significant experience of working at a senior level in a large, complex organisation and have a very good understanding of strategic or financial management or have sat previously on an Audit Committee.

    (c) The Monitoring Officer and Chief Finance Officer, or their representatives, shall short list candidates and invite them for interview by a panel comprising two members of the Audit and Governance Committee, the Monitoring Officer and the Chief Finance Officer, or their representatives.

14. Thereafter, the recommendations of the Panel, as to the appointment of Independent Co-opted Members, shall be referred to the Shadow Authority for approval.

15. It is recommended that the appointments will run until the end of the Shadow Period and then for a further term of four years until 31 March 2031.

Consultation:

16. The Interim S151 Officers for both the East and the West Shadow Authorities have been consulted on the approach proposed for the appointment of Independent Co-Opted Members to the Shadow Audit and Governance Committee for the remainder of the Shadow Period and thereafter for a further four-year term until March 2031.

Risk Management and Implications:

17. Failure to appoint Independent Co-Opted Members could result in a perceived lack of independent assurance for Members, residents and other key stakeholders.

18. Independent Co-Opted Members might demonstrate a lack of understanding of local authority governance procedures. This can be overcome through the provision of a comprehensive induction ongoing training on council procedures, statutory responsibilities and the Audit and Governance Committee's role.

19. Potential conflicts of interest (e.g. professional or personal connections) can be overcome through the required compliance with the Members' Code of Conduct, including the declaration of interests.

Financial and Value for Money Implications:

20. The allowances payable to the Independent Persons during the remainder of the shadow period (£1,738 per person pro rata) will be borne from the LGR Implementation Fund which is jointly funded by the predecessor authorities. The roles will also receive travel, subsistence and other expenses in accordance with the scheme applicable to councillors.
21. Allowances incurred from 1st April 2027 will be funded from the East Surrey budget and will need to be allowed from in budget planning processes.

Section 151 Officer Commentary:

22. East Surrey Council will operate in a very challenging financial environment, with significant budgetary pressures from increasing demand and costs of service delivery, coupled with limited financial resources and reducing

government funding. East Surrey will be increasingly reliant on Council Tax as the primary source of income.

23. Decisions made by the sovereign councils in East Surrey and the East Surrey Shadow Authority will need to consider the ongoing financial impact and ensure that expenditure does not exceed the resources available. It is vital that significant importance is placed on effective financial management and medium-term financial sustainability to achieve a balanced budget position and protect service delivery.

24. The appointment of appointment of two Independent Co-Opted Members to the Shadow Audit and Governance Committee strengthens governance, provides objective challenge, supports robust scrutiny and aligns with best practice guidance.

Legal Implications (Monitoring Officer Commentary):

25. Whilst there is no statutory requirement for local authorities to appoint co-opted independent members, it is recommended by CIPFA in its Position Statement: Audit Committees in Local Authorities and Police 2022. The government has indicated its clear intention to bring forward regulations in 2026/27 to mandate that councils appoint at least one independent member to their audit committees, via amendments to the Local Audit and Accountability Act made by the English Devolution and Community Empowerment Act 2026.

26. Any appointments must comply with section 102(3) of the Local Government Act 1972 (power to co-opt from outside Council membership).

Workforce Implications (People/Human Resources Commentary)

27. There are no direct workforce implications arising from this report. The appointment of Independent Co-Opted Members does not create an employment relationship with the West Surrey Shadow Authority. Individuals appointed will be required to comply with the West Surrey Shadow Authority Member Code of Conduct, including requirements relating to declarations of interest and conflicts of interest. The recruitment and selection process should be conducted in an open, transparent and fair manner, consistent with the eligibility criteria set out in the Constitution and relevant equalities obligations.

Equality and Diversity:

28. The recruitment process to be followed will comply with equalities legislation including the Public Sector Equality Duty as defined in the Equality Act 2010 and which requires public bodies to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.

- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Climate Change and Sustainability:

29. None for the purposes of this report as the decision is administrative in nature.

What Happens Next:

30. Subject to agreement of the Shadow Audit & Governance Committee, Officers will begin the formal recruitment process for the appointment of two Independent Co-Opted Members and recommendations will be referred to a future meeting of the East Surrey Shadow Authority for consideration.

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Sources/background papers:

Position Statement: Audit Committees in Local Authorities and Police 2022, The Chartered Institute of Public Finance and Accountancy

https://www.cipfa.org/-/media/Files/Services/Support-for-audit-committees/CIPFA Audit-Committee-Position-Statement-2022.pdf