

**Audit Committee – Appointment of Independent Non-voting Advisor****Report by Kenneth Lawrie, Chief Executive****1.0 Purpose of Report**

This report advises on the position with regard to the appointment of the independent non-voting person, who, at the invitation of the Chair of the Audit Committee, can comment on all aspects of the Committee's business in order to assist in its deliberations.

**2.0 Background**

The Audit Committee is a key component of Midlothian Council's corporate governance. It provides an independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The role does not attract any remuneration but expenses are payable. The appointment is at the Council's discretion and it expected to run until the Local Government Elections in May 2017.

The previous Independent non-voting Advisor, Mr Robert Rae, reached the end of his term.

**3.0 Scheme of Administration**

The Scheme of Administration, which forms part of the Council's Standing Orders, states as follows:

“(3) Audit Committee will comprise 7 Members on the following basis:-

Independent Chair  
3 SNP/Coalition  
2 Labour  
1 Green

plus one independent non-voting person to be appointed by the Council on a report by the Chief Executive. At the invitation of the Chair, this person can comment on all aspects of the Committee's business in order to assist it in its deliberations.

**4.0 Audit Committee – Independent Non-voting Person**

As a result of the vacancy arising from the departure of Robert Rae and following an unsuccessful attempt to recruit a representative in the latter part of 2014, an advertisement was placed in the local press in June 2015. One application was received from Mr Michael Thomas, who has 34 years experience in the investment industry and has been on the Audit Committee as a member of quoted companies.

Although he has no experience in the public sector, he is experienced in relation to governance, risk compliance and financial issues.

Mr Thomas was interviewed by myself and Graham Herbert, Internal Audit Manager, on 31 August 2015. From the discussions it was clear that Mr Thomas has the necessary credentials and experience to make a contribution to the business of the Audit Committee.

Due to other commitments it is likely that Mr Thomas will be able to take up this role from early next year. It was agreed that in the first instance he appointment would be for a period up to the next Local Government Election.

## **5.0 Report Implications**

### **5.1 Resource Implications**

There are no resource implications associated with this post apart from possible expense claims.

### **5.2 Risk Implications**

Failure to make such an appointment would contravene the Standing Orders.

There are no risk issues arising directly from this report. However, democracy and governance will best be served by having an independent non-voting advisor who can comment on all aspects of the Audit Committee's business and assist in its deliberations

### **5.3 Single Midlothian Plan and Business Transformation**

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☒ None of the above

### **5.4 Key Priorities within the Single Midlothian Plan**

Not applicable.

### **5.5 Impact on Performance and Outcomes**

The independent non-voting advisor will play a key role in helping to review the Council's corporate governance arrangements.

### **5.6 Adopting a Preventative Approach**

Not applicable.

### **5.7 Involving Communities and Other Stakeholders**

No consultations have been undertaken in connection with this role.

**5.8 Ensuring Equalities**

An Equalities Impact Assessment is not required in connection with this role.

**5.9 Supporting Sustainable Development**

Not applicable.

**5.10 It Issues**

Not applicable.

**6.0 Recommendations**

Council is recommended to:

- (i) To note that following interview on 31 August 2015, it is recommended that the Council appoint Mr Michael Thomas as the independent non-voting person, who at the invitation of the Chair of the Audit Committee, can comment on all aspects of the Committee's business in order to assist in its deliberations; and
- (ii) Agree that the appointment be for a period up to the next Local Government Election in May 2017.

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