



Report – Policy & Resources Committee

in consultation with Common Hall

Bill for an Act of Common Council: Introduction of qualifications for the office of Auditor of Chamberlain's and Bridgemasters' Accounts and Regularising the electoral timetable and processes for the Offices elected by the Livery

To be presented on Thursday 5th December 2013

To the Right Honourable The Lord Mayor, Aldermen and Commons of the City of London in Common Council assembled.

SUMMARY AND REPORT

In Autumn 2012, the Livery Committee reported to Common Hall recommending the introduction of certain qualifications and procedures for election to the office of Auditor of Chamberlain's and Bridgemasters' Accounts. That report also proposed that it would be beneficial to bring forward a report to regularise the electoral timetable and process for nomination to all of the 'other offices' elected by the Livery – Bridgemasters and Aleconners as well as Auditors.

Common Hall approved those proposals and acknowledged that changes would require an Act of Common Council and a Draft Bill for an Act is attached at Appendix A.

Having an established process for all the elections on Midsummer Day is good practice, and will provide clarity for any candidates. Your Policy & Resources Committee agrees with Common Hall in its proposals and it **recommends** that Members therefore approve the Bill for an Act of Common Council in the form attached. If approved, these changes would come into force for the elections and re-appointment of all offices in Common Hall in 2014.

This represents the first and second reading of the Bill for an Act of Common Council and, if approved, there will be a further submission to the Court of Common Council in January 2014 which would represent a third and final reading. The Bill will be submitted to the Recorder of London for settling before it is submitted to this Honourable Court.

Main Report

Background

1. Common Hall is the largest gathering of citizens for any municipal purpose. The City of London is unique in evolving a separate electoral assembly, Common Hall, for the choice of important municipal officers, including the Lord Mayor and Sheriffs.
2. Each Midsummer Day, Liverymen of at least one year's standing assemble at Common Hall to elect two Sheriffs and 'other officers' (namely Bridgemasters, Aleconners and Auditors).
3. In proposing the introduction of certain qualifications for those in nomination for the office of Auditor in 2012 it also became apparent that there was no documented or logical electoral timetable/ process for the election of 'other officers' by Common Hall. It was proposed at that time that these matters be rectified via an Act of Common Council which, if approved, would come into force for the election or re-appointment of those officers in Common Hall in 2014.
4. Officers also undertook to consider one aspect of the current electoral timetable for Shrieval elections i.e. whether there is any merit in retaining the two different nomination periods.

Nomination period for Shrieval candidates

5. The current electoral timetable in place for the Sheriffs differs for the Aldermanic and the non-Aldermanic Sheriff. The period for nominations for the Aldermanic Sheriff is from 14 February – 14 April and nominations for the non-Aldermanic Sheriff have to be received by 1 May.
6. The dates have always differed. The Lord Mayor has the right to nominate not just the Aldermanic Sheriff but also the non-Aldermanic Sheriff. Such nominations must be made by 14 April. The reality, in recent years, has been for the Court of Aldermen, through its appraisal process, to announce in the Summer of the preceding year, which Alderman it will support as Sheriff; i.e. whilst the nomination is in the Lord Mayor's name, the decision is much broader. Although the Lord Mayor has the right to nominate the non-Aldermanic Sheriff, that right has not been exercised in recent years but if it were to be, that two week window, between 14 April and 1 May, still gives the Livery the opportunity to bring forward another non-Aldermanic candidate; a right which should be retained.

Proposals for the electoral framework for 'other officers'

7. It makes sense to bring dates together as far as is practicable and the best way forward is for the electoral timetable for all 'other officers' appointed by Common Hall (Bridgemasters', Ale Conners and Auditors) to now be 'tied' as far as possible to that of the non-Aldermanic Sheriff.

Nomination Period

8. It is also proposed that the opening date for the election nomination of all 'other officers' appointed by Common Hall should be the same as it currently is for the Shrieval elections (i.e. from 14 February each year).

9. In terms of closing dates, it is proposed that the slightly extended closing date of 1 May for nominations to the office of non-Aldermanic Sheriff be adopted for all 'other officers' (AleConners, Bridgemasters and Auditors).

Period for Withdrawals

10. We propose that there should be a one week period for withdrawals by candidates following the closing date for nominations for 'other officers' and that this should run from 1 May – 8 May each year to mirror the arrangements for Shrieval elections.

Auditor Qualifications

11. As Members may recall, last year, Common Hall approved the introduction of appropriate qualifications for those persons nominated to serve as an Auditor of the Chamberlain's and Bridgemasters' Accounts (Auditor). Nominations from prospective candidates will not be accepted until they have submitted a signed declaration confirming that they meet the new criteria and have supplied any additional evidence required. This is to ensure that candidates now represent auditing firms with sufficient resilience to carry out the audit – previously, no qualifications were required.

12. Those criteria are to:

- (i) meet all legal requirements to carry out an audit of the Chamberlain's and Bridgemasters' Accounts;
- (ii) have experience of auditing –
 - (a) organisations employing over 3,000 staff; or
 - (b) organisations with turnovers in excess of £500million and reserves in excess of £1billion; or
 - (c) public authorities; or
 - (d) charities with turnovers in excess of £40million; and
- (iii) have signed or be willing to sign an engagement letter in the standard form.

It is also proposed that the firm represented by every Auditor must:

- (iv) have generated audit fees of at least £5million in its last accounting year.

13. The Audit Review Panel has reviewed the criteria and suggested two minor changes to ensure representation by candidates of sufficient audit experience and expertise, but also to draw the net widely enough to ensure a continuing balance between candidates from larger and smaller audit firms. The changes they have suggested are:

- to clarify that the experience referred to at 12 (ii) above is that of the firm; and
- that 12 (ii) (c) be extended to include public sector organisations as well as public authorities.

The attached bill reflects these adjustments.

14. Auditors would have to meet the criteria throughout their term of office and failure to do so would result in their office being vacated and a replacement being elected at Common Hall for the remainder of the term.
15. In terms of qualifications for 'other offices' none currently exist, except to say that all those nominated for the office of Bridgemaster or AleConnor are required to be Freemen of the City of London.
16. Whilst qualifications for the work of Auditors are needed, we do not believe that the same can be said for those nominated as Bridgemasters or Aleconners; both posts are honorary and even the ceremonial duties are very limited in the present day.

Advertisement

17. The Act of Common Council, 21 January 1932, requires the Town Clerk, within 7 days, of the 8th May to 'publish in the London Gazette the names and addresses and descriptions of all candidates in nomination for the office of Sheriff'. At present and in practice, we publish notice of the Election of Sheriffs not only in the London Gazette, but also in the Evening Standard, The Times and The Telegraph. We consider this is an expensive and unnecessary and that only those in nomination for the office of Sheriff should continue to be advertised within the London Gazette (the official newspaper of record for the UK). There are other, arguably more effective, ways to publish the candidates elsewhere. We propose that the names of those candidates in nomination for all offices elected by Common Hall be advertised within the Livery Committee Briefing, which is circulated to all Livery Company Clerks, all Common Councilmen and Aldermen. Nominations would also be placed on the Corporation website.
18. All nominations should be submitted to the Town Clerk (whose Electoral Services Office would process them, as is current practice).

Nomination Forms

19. Nomination Forms for election to all of the offices appointed by Common Hall would, in future, be made available from the Town Clerk's Electoral Services Office.
20. Nomination forms for each of the 'other officers' shall be subject to any amendments authorised by the Town Clerk from time to time in consultation with the Chamberlain and the Comptroller & City Solicitor.

The Election / Poll

21. There have not been contests for the 'other offices' in memory but, were there ever to be one, the process should be the same as that agreed for Sheriffs, i.e. with candidates being expected to respect the result of a show of hands in Common Hall (rather than exercise a right to demand a poll).

Conclusion

22. At present no qualifications are required of the elected Auditors and the firms that they represent. The contract for the audit of non-City Fund accounts must be awarded to one of the elected Auditors but, at present, in the absence of criteria, there is no guarantee that any of them will be competent to carry out the lead audit function. Likewise there is no guarantee that the remaining Auditors will have the

appropriate skills and experience to effectively review the procedures adopted. This cannot be seen as good practice. However, it is possible to modernise the existing arrangements and bring them more in line with arrangements elsewhere, whilst complying with the existing legal framework and retaining a panel of Auditors. Common Hall has chosen to introduce appropriate qualifications for those wishing to be elected to the office of Auditor, and to continue in that office.

23. Having an established process, and one for all the elections of Midsummer Day, is simply to introduce what we see as good practice. Furthermore, an electoral timetable and prescribed processes for the election of Auditors, and all other Common Hall elections, where little provision currently exists, will, by Act of Common Council, provide candidates with clarity around what they have to do and by when.

Appendices

- Appendix A – Bill for an Act of Common Council

All of which we submit to the judgement of this Honourable Court.

DATED this 21st day of November 2013

SIGNED on behalf of the Committee.

**MARK BOLEAT,
CHAIRMAN**