



## Report – Audit and Risk Management Committee

### Re-appointment of External Members

*To be presented on Thursday, 16th January 2014*

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

#### **Summary**

1. At its meeting on 9 September 2011 the Court agreed the procedure for appointing the external, independent, members of the Audit and Risk Management Committee. Whilst the procedure specifies that appointments cover a four year term, it does not include any scope for the re-appointment of existing members. This report seeks to address this by varying the procedure to allow external members to be re-appointed for a further term. However, in the interests of maintaining a fresh perspective, your Committee is also recommending that, normally, a maximum of two terms be served in total.
2. This report also seeks the Court's approval to the re-appointment of Kenneth Ludlam and Caroline Mawhood, the current external members of the Audit and Risk Management Committee. Both terms expire in March 2014 and, in order to maintain an element of continuity, your Committee is recommending that their proposed new terms be staggered at 3 and 4 years respectively, expiring in 2017 and 2018. The term of the third external member, Hilary Daniels, appointed by the Court in in 2012, expires in 2016.

#### **Recommendation**

We **recommend** that:-

- 1) The procedure for the appointment of external members be varied to allow existing external, independent, members to be appointed for a further term with normally a maximum of two terms being served in total; and

- 2) subject to 1) above, Kenneth Ludlum and Caroline Mawhood be reappointed as external, independent, members of the Audit and Risk Management Committee for further terms of 3 and 4 years, respectively.

## **MAIN REPORT**

### **Background**

1. The terms of two of the three existing external members on the Audit and Risk Management Committee are due to expire in March 2014. At its meeting on 11 December 2013, your Committee considered how best to fill these vacancies and was of the view that, given the high standard of their contribution, the current external members, Caroline Mawhood and Kenneth Ludlam, should be re-appointed for a further term.
2. The current procedure for appointing external members agreed by the Court in September 2011 is set out as follows:-

#### Criteria/restrictions:

- He or she has not been a Member nor an Officer of the City of London Corporation within 5 years before the date of the appointment;
- Is not a Member nor an Officer of that or any other relevant authority;
- Is not a relative nor a close family friend of a member or an officer of the body/authority;
- Has applied for the appointment; and
- Has been approved by a majority of the Members of the Court

Criteria stipulating that applicants should either have a strong connection with the City or reside within it should not be applied.

#### Search and Selection Process:

- A search and selection process is followed in tandem;
- An advert is placed on the public appointments page of the Cabinet Office's website, on the Corporation of London's website inviting the submission of CVs;
- An advert be placed in trade/CIPFA magazines;
- An advert be placed in City AM if this is the most cost effective means of advertising locally;
- In tandem, the Town Clerk (or his/her representative) and the Chamberlain, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee and up to two Full Members of the Committee (which could include the current external Members) draw up a list of potential candidates to be approached about the role. Where someone is interested in becoming an Independent Member, they should be invited to submit a CV.

- A selection panel, which is authorised to shortlist and interview applicants, should be established.
- Following recommendations by the selection panel, the Committee should consider the appointment and make a recommendation to the Court of Common Council.

Term of appointment: appointments continue to be for a four year term commencing on the date of appointment.

3. This procedure does not include scope for the re-appointment of existing external members. Your Committee believe that Caroline Mawhood's and Kenneth Ludlam's contribution to the work of the Committee has been invaluable and, to enable them to build on this and continue to assist the Committee with its scrutiny functions, it is recommended that the appointments procedure be varied to allow external, independent, members to be re-appointed for further terms. Your Committee is, however, mindful of the importance of maintaining a fresh perspective and, as a consequence, we recommend that normally a maximum of two terms be served in total.
4. By way of background, Caroline Mawhood has spent her professional career in central government auditing, and retired as Assistant Auditor General at the National Audit Office and was CIPFA's President in 2008/2009. Kenneth Ludlam is an experienced Non-Executive Board Member of a number of high profile organisations. Kenneth retired from the position of Head of Internal Audit and Risk Management at Hanson PLC in 2003, following a career in accountancy in the private sector.
5. In order to maintain an element of continuity we believe the terms of these re-appointments should be staggered to 3 and 4 years, expiring in 2017 and 2018. Kenneth Ludlam would serve a further term of 3 years and Caroline Mawhood a further term of 4 years. The third external member's term (Hilary Daniels) is not due to expire in 2016.

## **Conclusion**

6. The terms of two of the three external, independent, members on the Audit and Risk Management Committee are due to expire shortly and, in view of their experience and the contribution they make to the work of the Committee and the City Corporation overall, we believe the current members, Caroline Mawhood and Kenneth Ludlam, should be re-appointed for a further term. The current procedure for appointing external, independent, members does not cover the issue of re-appointment. Your Committee is of the view that it would be prudent for the procedure to be varied to enable this in future, subject to normally a maximum of two terms.

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

DATED this 11<sup>th</sup> Day of December 2013

SIGNED on behalf of the Committee.

Jeremy Mayhew  
Chairman, Audit and Risk Management Committee