

Report – Audit and Risk Management Committee

Re-appointment of External Member (third term)

To be presented on Thursday, 7th December 2017

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

SUMMARY

At its meeting on 9 September 2011, the Court agreed a procedure for appointing External (Independent) Members to the Audit and Risk Management Committee. Subsequent to this, on 16 January 2014 the Court agreed a variation to this procedure such that it would allow for existing External Members to be appointed for a second term on the Committee.

On 8 December 2016, the Court agreed a further variation to permit the appointment of an external Member, Kenneth Ludlam, for a third term. The second term of another existing external Member, Ms Caroline Mawhood, is now due to expire and the Committee wishes to reappoint her similarly for a third term.

Ms Mawhood has served on the Audit and Risk Management Committee, as an External Member, since its inception in 2011 and her contributions to both the Committee and the Police Performance and Resource Management Sub Committee, on which she also serves, as well as the recent Auditor Appointment Panel, have been invaluable. Ms Mawhood has expressed a wish to serve for a third term and the Audit and Risk Management Committee would like to recommend this to the Court.

Members of the Court are also asked to note that the UK Corporate Governance Code (Guidance on Audit Committees) states that appointments can be extended by no more than two additional three-year periods, so long as Members continue to be independent.

RECOMMENDATION

We **recommend** that Ms Caroline Mawhood be appointed to the Audit and Risk Management Committee for a third term, expiring in 2021.

MAIN REPORT

Background

1. At its meeting on 9 September 2011, the Court agreed the procedure for appointing External (Independent) Members to the Audit and Risk Management Committee. Subsequent to this, on 16 January 2014, the Court agreed that the procedure be varied to allow existing External Members to be appointed for a further term, with a

maximum of two terms being served as the norm. All three External Members of the Audit and Risk Management Committee have now been appointed for a second term and one Member, Kenneth Ludlam, has been appointed for a third term.

2. Members are asked to note that the UK Corporate Governance Code (Guidance on Audit Committees) states that appointments can be extended by no more than two additional three-year periods, so long as Members continue to be independent. It is not unusual for Local Authorities to appoint External Members to both their Audit and Risk and Standards Committees for three terms.

Current position

3. Caroline Mawhood's appointment as an External, Independent Member to the Audit and Risk Management Committee is due to expire in March 2018 and Ms Mawhood has expressed a wish to serve for a further term.
4. Ms Mawhood was CIPFA's President in 2008/2009, spent her professional career in central government auditing and, before her recent retirement, was Assistant Auditor General at the National Audit Office. Caroline has served on the Audit and Risk Management Committee, as an External Member since its inception in 2011 and her contributions to both the Committee, the Police Performance and Resource Management Sub Committee and the recent Auditor Appointment Panel have been invaluable.
5. Ms Mawhood has also served as an external member of various public sector audit committees including the Department of Energy and Climate Change (until June 2016) the Debt Management Office (current) and the European Commission (current). She was also a trustee and treasurer of a breast cancer research charity for 9 years (until September 2016) and is currently a trustee of the Wimbledon Guild Charity. She is a member of the Charities and Public Benefit Entities Board of the Chartered Institute of Public Finance and Accountancy.

Options

6. If Ms Mahwood is appointed for a further three-year term, this will have an additional benefit in that the terms of all 3 external members will expire at staggered intervals; i.e. 2019, 2020 and 2021.
7. In the longer term, Members of the Audit and Risk Management Committee have asked the Town Clerk to prepare for the appointment of new External Members and follow the good practice of other City of London Corporation Boards and Committees which appoint External Members; i.e. via the introduction of a Nominations Sub Committee and maintaining a portfolio of potential future External Members.

Conclusion

8. Ms Caroline Mawhood is a highly valued, skilled and experienced External Member of the Audit and Risk Management Committee and has served since its inception in 2011. The UK Corporate Governance Code (Guidance on Audit Committees) states that appointments can be extended by no more than two additional three-

year periods, so long as Members continue to be independent. However, in order to keep a fresh perspective and to prepare for future appointments, the Town Clerk will follow the good practice of other City of London Corporation Boards and Committees which appoint External Members; i.e. via the introduction of a Nominations Sub Committee and maintaining a portfolio of potential future External Members.

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

DATED this 10th day of October 2017.

SIGNED on behalf of the Committee.

Ian David Luder J.P., Alderman
Chairman, Audit and Risk Management Committee