

**COUNCILLORS' PERCEPTIONS OF AUDIT COMMITTEES:
A STRONG STRUCTURATION ANALYSIS**

by

EILEEN ELLEN MASTERS

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Institute of Local Government Studies
Department of Public Administration and Policy
College of Social Sciences
University of Birmingham

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ABSTRACT

This thesis explores how councillors in English local councils perceive audit committees and the impact of those perceptions on the audit committee's governance and accountability roles, analysed through Quadripartite Strong Structuration Theory (Stones, 2005).

Audit committees are not compulsory in England other than in Mayoral authorities but most councils have one and, while there is a considerable volume of research relating to audit committees particularly in the private sector, studies of councillors' perceptions of them and the impacts of those perceptions on the governance and accountability roles of audit committees within the specific context of English local councils are very limited. It is this gap that this research aims to reduce.

Assuming a phenomenological approach and underpinned by Quadripartite Strong Structuration Theory (Q.S.S.T.), data were collected through minimally structured interviews with 24 councillors who were members of their councils' audit committees or, recent members, at the time of the interviews.

Using the quadripartite structure of Q.S.S.T. as the analytical framework, analysis of the interviews revealed three themes: 'The Cinderella Committee,' 'The Schleswig-Holstein Question' and 'The Party Hat.' 'The Cinderella Committee' reveals a general dispositional framework in which audit committees are perceived as mundane and low priority, leading to avoidance behaviours among councillors. 'The Schleswig-Holstein Question' uncovers the challenges councillors face in understanding complex financial reports and the perceived inadequacy of training, which constrains the ability to question effectively. 'The Party Hat' exposes the influence of political allegiances on audit committee independence and effectiveness, revealing conflicts of interest and the need for

personal resilience among councillors in fulfilling their audit committee roles. The interview data suggest that, while some councillors recognise the importance of audit committees, negative perceptions and partisan influences often hinder the audit committee's capacity to fulfil its governance and accountability roles effectively.

Against this backdrop of negativity, some interviewees, perceiving a conflict between their prior knowledge of audit committees and their current council experience, exercised their active agency to change negative attitudes and improve the independence and competence of the audit committee through positive messaging, changing the audit chair where that was perceived to be a political appointment and organising training and mentoring. These measures were effective but could be disrupted by changes in political leadership or control. Interviewees in opposition felt constrained by political structures from attempting to make changes.

This study concludes that the consistency of the narrative between interviewees from various councils provides evidence that councillors' perceptions of audit committees shape their engagement, competence, and independence which directly impacts the committee's effectiveness in fulfilling its governance and accountability roles.

These perceptions reveal challenges and weaknesses within local council audit committees but the insights gained may assist in the development of policies to enhance financial governance and accountability in English local councils.

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CHAPTER 1: INTRODUCTION

1.1. BACKGROUND

Although not mandatory in local councils except in Mayoral authorities, most English local councils have an audit committee which may be combined with some other function, such as governance, standards or risk management.

In most English local councils, the audit committee is a component of the governance and accountability framework that aims to protect service users and council taxpayers from governance failures and financial crises such as those that have been seen in Birmingham City Council and other councils in recent years. As is evident from those cases, governance can fail, leaving questions regarding the effectiveness of the audit committee's contribution to governance and accountability.

Audit committees in English local councils are where professional auditors interact with politicians and external audit assessments are received alongside internal audit evaluations in an amorphous context of politics, democracy, institution, governance, accountability and regulation. The members of audit committees are councillors although some include independent, coopted advisory members for their expertise. Officers and auditors attend. Reports are presented to the councillors by external auditors, accountancy firms that are engaged to audit the accounts produced by officers and by internal auditors who are often employed by the council to assist management. Other officers may attend as deemed appropriate by the individual council. Local council auditors may operate in an interconnected manner. External audit may rely to some extent on the work of the internal audit department for its opinion, while internal audit may depend on the external auditor for its status and independence.

This research is motivated by the researcher's professional experiences as an internal auditor reporting to audit committees. The researcher noticed stark contrasts between the audit committees of two local councils and that of an international humanitarian aid organisation. Both local council audit committees seemed uninterested and disengaged from crucial matters, whereas the trustees in the aid organisation were highly engaged and eager to address any issues. Recent governance failures in some councils further increased the researcher's curiosity. This research aims to gain a deeper understanding of how councillors perceive audit committees and how these perceptions may be influencing the committees' effectiveness in its governance and accountability roles.

1.2. TITLE AND RESEARCH QUESTION

The title of this thesis is 'Councillors' Perceptions of Audit Committees: A strong structuration analysis.' The research question is:

How do councillors in English local councils perceive audit committees and what are the impacts of those perceptions on the audit committee's contribution to governance and accountability?

1.3. OVERVIEW OF THE THESIS

Chapter 1, the introduction, sets out the title, research question, the background and rationale of this study and gives an overview of the thesis.

Chapter 2 is a literature review which begins with a study of audit committees as the object of participants' phenomenological perceptions and the 'external structure' of Stones (2005) Quadripartite Strong Structuration Theory (Q.S.S.T.) including the origins of the audit committee and its relationship to governance and accountability. The chapter then explores prior research, finding that while there are earlier studies of audit committees in the private sector, there are few studies relating to audit committees in English local

councils and very limited studies of the perceptions of the councillors who sit on them and the impact of those perceptions on the audit committee's contribution to governance and accountability. The literature review drew, therefore, on research of perceptions of audit committees in other contexts which, while not generalisable to councillors or audit committees in English local councils, might provide context and alert this research to potentially relevant issues. Finally, the roles of councillors are examined to provide context and potentially elucidate how councillors' perceptions of their roles might influence their perceptions of the audit committee.

Chapter 3, The Theoretical Framework, discusses some mainstream theories that may have explanatory value regarding the findings of the literature review. The chapter then discusses the selection and use of Quadripartite Strong Structuration Theory as a prior theory for this research and the theory upon which the analytical framework is based and the findings interpreted.

Chapter 4, Research Design and Methodology, sets out the research design. There was no preliminary hypothesis. The research aimed to explore and assess the evidence that emerged. The study adopted a phenomenological approach and a qualitative methodology of minimally structured interviews with 24 councillors who were members of the audit committee in their various local councils. The interviews were designed to allow interviewees to lead on the matters they wished to raise and the term 'conversation' is frequently used in place of 'interview' to avoid the formal hierarchy often associated with interviews and to reflect the balance of power in which the researcher's knowledge depends on the contributor's willingness to share their knowledge. The term 'contributor' is frequently used in place of 'participant' to emphasise their central role in influencing the content of conversations and the consequent research direction.

Chapter 5, Analysis of Interviews, analyses the interview data. Elements of the quadripartite theoretical framework: the general dispositional framework, conjuncturally specific knowledge and positional power relationships were used as analytical themes. Participants' perceptions were first clustered into these three analytical themes and then into subthemes.

Chapter 6 discusses the findings drawn from the interview analysis, literature review and theory. The empirical findings are broadly consistent with prior studies on audit committees in other contexts but also reveal new insights into councillors' perceptions of audit committees and how those perceptions impact governance and accountability in English local councils.

A small number of individual contributors perceived the audit committee in their councils to be effective, some perceived it to be partially effective and others perceived it to be totally ineffective in fulfilling its governance role in their councils. These positions may be placed on a continuum ranging from totally dysfunctional to totally effective. The consistency of the narrative across the majority of interviews in identifying negative attitudes, a deficit of competencies and political control was, however, convincing.

Most prior studies assumed audit committees to be the optimum means of obtaining assurance of the adequacy and functioning of governance controls. The findings of this study bring that assumption into question, finding little evidence of evaluation as to the suitability of audit committees in the unique political and institutional context of local councils and scant consideration of alternatives.

Chapter 7 summarises the thesis and sets out the conclusions drawn from the research together with the limitations, contribution of the study and areas for further research.

1.4. CONTRIBUTION

This study offers a unique perspective on audit committees in local councils, an area previously under-researched. The insights gained from contributors' perceptions reveal weaknesses within local council audit committees that challenge current normative assumptions regarding the value of audit committees in the political environment of local councils and their relatively short-term membership due to the election cycle. The issues revealed by this research may be used in reassessing the policy of encouraging English local councils to establish audit committees or whether an alternative form of reporting might provide a more effective mechanism for giving assurance of financial governance and accountability.

1.5. POSTSCRIPT

In December 2024, while this thesis was being prepared for submission, the government issued a Statement of Intent and Consultation document entitled, 'Local audit reform: A strategy for overhauling the local audit system in England' (Ministry of Housing, Communities & Local Government, 2024), setting out the government's plans for reform of the audit system in local government including reforms to the audit committee.

The research carried out for this thesis provides substantial evidence that is relevant to the government's strategy and this is discussed in Chapter 8: Addendum.

CHAPTER 2: LITERATURE REVIEW

2.1. INTRODUCTION

This chapter provides a narrative literature review on the audit committee as the object of perceptions and its relationship with governance and accountability and then considers studies that examine the perceptions of actors who engage with audit committees.

2.2. LITERATURE REVIEW METHODOLOGY

2.2.1. Rationale

This thesis is a strong structuration analysis based on Quadripartite Strong Structuration Theory (Stones, 2005). Analysing interview responses according to the quadripartite framework, it explores how councillors' perceptions of audit committees give rise to iterative behaviour and acts of intentional agency that reproduce or modify the audit committee as a mechanism of governance and accountability. It also considers how this analysis may inform policies relating to audit committees in English local councils.

As the first stage of the analysis, this narrative literature review adopts the objectives stated in Saunders et al., (2016, p.79) of providing a descriptive account of academic literature and authors' perspectives to generate opinions and conclusions and to position this research relative to existing knowledge of councillors' perceptions of audit committees in English local councils and the impact of those perceptions on audit committee effectiveness from a strong structuration perspective.

The literature review begins with an introduction that outlines the objectives and methodology of the review.

In alignment with the first quarter of the quadripartite strong structuration analysis, this chapter first describes the audit committee as an external structure existing separately

from those who have agency within it and as a construct of rules and resources that enable and constrain the agency of those actors.

The chapter then explains the theoretical foundations of the audit committee, its origins, definitions and the theoretical basis underpinning its functions.

The remainder of the review is organised into sections that examine the audit committee from various perspectives, including academic, regulatory, and practical viewpoints. It discusses perceptions of audit committees as social objects, their effectiveness in governance and the potential biases and limitations in existing studies. Where the researcher identified literature that could significantly contribute to this study, it is given prominence by being separately included in the review, grouped with other items that discuss similar issues with supporting or contrasting findings.

The review also examines the political context in which audit committees operate, particularly the influence of partisan loyalty and the challenges it poses to the audit committee's independence and effectiveness.

Finally, the roles of councillors are reviewed to enhance understanding of the context in which audit committees are situated and examine how councillors' perceptions of their roles might influence their views of the audit committee.

By systematically analysing these aspects, the literature review aims to provide an understanding of the audit committee as the object of perceptions and as it is seen from the perspective of regulators and other actors. It identifies the paucity of studies of local council audit committees from the perspective of councillors and the need for further research into councillors' perceptions of audit committees and the impact of these perceptions on the audit committee's contribution to governance and accountability.

The review concludes by summarising the key findings and outlining the research gap that the current study aims to fill.

2.2.2. Literature Search Strategy

Patton and Patton, (2002 p. 226) and Gioia, Corley and Hamilton, (2013 p. 21) advocated conducting the literature review in qualitative research after data collection or analysis to avoid confirmation bias and as preparation for the acceptance of new insights. This research adopted these recommendations to balance a knowledgeable approach with an open mind. The narrative literature search was, therefore, conducted in three stages. The first stage, conducted pre-study, aimed to identify previous research on the research question. The second stage, during Ph.D. studies, consisted of repeated keyword searches and the third stage, after the interviews had been analysed, sought studies that might inform the themes and issues raised in participant interviews.

2.2.3. Sources of literature

Articles were located using key word and key phrase searches of the University of Birmingham 'Findit@Bham' function which searches across the library collections and databases supplemented by Google Scholar and, latterly, the artificial intelligence program, Scite AI, which returns summaries, references and information on citation statistics in response to 'plain English' questions. Some articles were received into the researcher's email from Science Direct. Some articles accessed in these ways included citations that this research followed up and saved. Links to published materials were also received from supervisors. The British Library theses repository, Ethos, was searched for relevant works. Book searches were conducted through Google and Findit@Bham.

2.2.4. Selection of Materials

During the three-stage literature search, all online materials were saved in the referencing application, Zotero. Data from books and theses, accessed through the University of Birmingham and the British Library, were noted on index cards and manually added to Zotero. Materials were exported from Zotero to Scholarcy AI, an artificial intelligence program that tabulates abstracts, results, conclusions, keywords, citation counts and brief summaries of each article, forming a searchable dataset. The dataset was searched using Scholarcy AI functionality to identify literature on councillors' perceptions of audit committees in English local councils.

While there was extensive material on the area of audit committees, particularly in the corporate sector, very limited material was found that specifically addressed councillors' perceptions of audit committees. Indirectly relevant material in the form of studies of actors' perceptions of audit committees in other contexts that held the potential to inform this research was, therefore, identified and selected for closer reading and possible inclusion in this literature review.

2.2.5. Risk of Bias

The final selection of material, based solely on the researcher's perception of its relevance, could introduce bias. To mitigate this, the researcher used Scholarcy's artificial intelligence tool for initial filtering and strived for professional objectivity in the final selection, similar to judgements made in professional settings.

2.2.6. Summary of Literature Review Methodology

The process described above aimed to enhance the quality of the literature review. The three-stage search and use of Zotero ensured a thorough and organised collection of

relevant literature and the use of Scholarcy AI assisted efficient analysis of the collected literature by identifying key information from each source. Third, the researcher acknowledged potential bias and attempted to mitigate it in pursuit of an objective and critical evaluation of samples of the literature.

2.3. AUDIT COMMITTEES AS THE OBJECT OF PERCEPTIONS

This section presents an overview of audit committees as the focus of the perceptions, the Husserlian phenomenological *noema* (Sanders, 1982 p. 355) and in terms of Stone's Quadripartite Strong Structuration Theory (Stones, 2005), the external structure that establishes the conditions of members' actions and within which councillors' internal perceptions are formed (Stones, 2005, pp. 84, 85).

2.3.1. Origins of Audit Committees

Parker, (2009) compiled a timeline history of publications based on bibliographic searches of the linguistic term 'Audit Committee' and its variants. According to this source, the first bibliographic record of an audit committee was published in London in 1825 and was the fourth annual report of the audit committee of the 'Five Lodges'. A summary of the number of publications reported by Parker (2009) in table 1 below gives an indication of the increase in publications referring to audit committees up to 2007.

Table 1: Summary of the number of publications reported by Parker (2009)

Year	Number of Publication reported in Parker (2009)	Number of UK and Ireland Publications reported in Parker (2009)
1825	1	1
1923	1	
1950-1959	3	
1960-1969	6	
1970-1979	71	6
1980-1989	56	4
1990-1999	86	23
2000-2007	106	37

These figures relate to publications in corporate settings and none were found to relate to the U.K. public sector. While this analysis derived from Parker (2009)'s audit committee timeline cannot be claimed to be absolute, it points to the trend that saw an increase of interest in audit committees in the U.K. and Ireland. A significant development that may have generated interest in audit committees in the 1990s, was the publication of the Cadbury Report in 1992 (Cadbury, 1992) which recommended the establishment of audit committees as a mechanism of corporate governance. Additionally, personal recollections of the 1990s include the widespread adoption of desktop computers for business and personal use and the emergence of the Internet in an accessible form which facilitated the gathering of data, although the vast quantity of material currently available in online resources had yet to be digitised.

2.3.2. The Theoretical Basis of Audit Committees

Audit and Audit committees are theoretically based on principal-agent theory and are intended to be a means of verifying the accounts given by the manager of the resources (the agent) to the owner of the resources (the principal) because the agent may not be

giving a true account (Bovens, Goodin and Schillemans, 2016 p.91). Principal-agent theory is discussed further in section 3.3 below.

2.3.3. Audit Committees in Local Councils

Ellwood and Garcia-Lacalle, (2016) observed that public bodies had adopted corporate governance regimes from the private sector (Ellwood and Garcia-Lacalle, 2016 p. 1158) but noted differences between these sectors, with private sector organisations primarily focussed on protecting the financial interests of shareholders and based on principal-agent theory while public sector bodies were focussed primarily on service delivery with multiple and complex networks of principals and agents (Ellwood and Garcia-Lacalle, 2016 p. 1139).

Audit committees in local councils tend to have a larger membership than other sectors due to the inclusion of independent (coopted) members and in order to maintain political proportionality (Hegazy and Stafford, 2016 p. 858) and, according to Zaman and Sarens, (2013), audit committees in the U.K. are characterised by a relatively mature internal audit function (Zaman and Sarens, 2013 p. 497). Membership of audit committees in the UK is guided by recommendations such as having members with knowledge of the business environment and recent financial experience and who are, therefore, able to understand auditors' opinions and to question auditors and managers effectively (Li *et al.*, 2012 p. 10).

Audit committees oversee audit, internal control and risk management arrangements, the framework of checks and balances that aims to ensure that councils operate in accordance with their objectives and minimise risks such as material errors, fraud, a failure of statutory compliance or damage to its reputation (Mazars, 2024).

In local government, the requirement for external audit is imposed by central government through the Local Audit and Accountability Act 2014. Both internal and external audit have expanded their roles from their original focus on probity and addressing corruption. As audit evolved, systems-based audits were developed for which the rationale was that, if the system is sound with embedded internal controls, issues of corruption and error are less likely to arise. As resources became scarcer under the government's austerity agenda, audit moved to a risk-based approach in which risks are identified and quantified and, based on the resultant risk scores, audit resources were focussed on the highest risk areas (Posner and Shahan, 2016 pp. 490 - 493). These developments in external and internal audit were reflected in the content of the reports that they present to the audit committee.

2.3.4. External Audit

Audit committees oversee the arrangements for external audit and receive its reports. The role of external audit of a local authority's accounts is to give assurance that the authority has been acting with regularity, propriety and value for money in the use of their resources (H.M. Government, 2020) and electors have the right to inspect and object to the accounts (HM Government, 2014).

According to Power (2013), external audit is based on the supposition that individuals who manage economic resources may not be trustworthy and must be made to account for their actions and that this account must be checked for its accuracy (Power, 2013 p. 122). Further, given increasingly challenging financial and service pressures on local authorities, the National Audit Office contended that local councils need strong arrangements to manage finances and secure value for money (National Audit Office, 2021) while Cordery and Hay, (2021) anticipated that demands for audit would increase as

citizens expect more services and coordinated responses to crises, such as the Covid-19 pandemic (Cordery and Hay, 2021 p. 6).

Until 2014, the Audit Commission commissioned local council audits with the work carried out by companies or geographically based district auditors but from 2015 the Audit Commission was abolished and replaced with provision by private sector audit firms (HM Government, 2014).

Councils may appoint external auditors directly or through Public Sector Audit Appointments Limited (P.S.A.A.) which is responsible for appointing an auditor and setting scales of fees for authorities that have chosen to opt into its national scheme (PSAA, 2022). There are, however, criticisms of the current external audit structures.

The Redmond review (Redmond, 2020) criticised the 2014 Audit and Accountability reforms, reporting that the local audit market is very fragile. According to Redmond (2020), the current fee structure did not enable auditors to fulfil their role in a satisfactory way and that with 40% of audits failing to meet the reporting deadline for 2018/19, auditors were unable to comply with their contractual obligations (Redmond, 2020 p.1). The increase in late audit opinions, concerns about audit quality and doubts over audit firms' willingness to continue to audit local authorities indicated that the situation needed urgent attention (National Audit Office, 2021). According to Sandford (2024), in October 2023 there was a backlog of 918 delayed audit opinions (Sandford, 2024 p. 22).

In response, the government announced a number of remedial measures (H.M. Government, 2020). In May 2021, a further change to the regulatory regime was announced with a new regulator to replace the Financial Reporting Council (F.R.C.). The proposed Audit, Reporting and Governance Authority (A.R.G.A.) will oversee public and private sector auditing practices nationwide with powers over local government audit

bringing all regulatory functions into one place (Hill, 2021). The impact of this change has yet to be assessed.

In addition, a large backlog developed of local authorities that had failed to meet the statutory deadline for the publication of their unaudited accounts such that, for the financial year 2022-23, only one percent of authorities met the deadline (Sandford, 2024 p. 22.)

2.3.5. Internal audit

The largest part of the work of the council audit committee consists of reports from internal auditors. Internal audit typically encompasses non-financial audits including but not limited to risk management, compliance with external regulations, organisational systems, performance management, compliance with ethical or environmental standards and any other area in which managers require an assessment (Pramukti, 2024). Audit committees typically monitor the implementation of internal audit recommendations, requiring relevant senior managers and directors to attend and supply explanations when necessary.

Section 151 of the Local Government Act 1972, which established the requirement for a 'section 151 Officer', also known as a Chief Financial Officer (C.F.O.), also established a requirement for an internal audit function to evaluate risk management, control and governance processes. Its inclusion in the same section of the act as the requirement for a C.F.O. has been interpreted by CIPFA as meaning that internal audit should report to the C.F.O.

Internal audit is distinct from external audit in that, apart from a small number of partnership and contracted-out arrangements, internal auditors are employees of the organisation. According to the Chartered Institute of Internal Auditors, Internal audit

works to professional standards and needs to be appropriately resourced. It can provide assurance to management that risks are being managed, internal control mechanisms are in place and that organisational governance is effective. Internal audit has detailed knowledge of the organisation's objectives and operations and is claimed to be optimally positioned to deliver this assurance (Chartered Institute of Internal Auditors, 2020).

While, however, the maintenance of an internal audit function is established in law (Statutory Instrument 2015 234, 2015), an on-going issue for internal audit in local government is its independence. The internal auditor is expected to make objective assessments of management action but is dependent on the management on which it is reporting for employment (Fraser and Lindsa, 2011).

2.3.6. Definitions of 'Audit Committee'

In examining audit committees as the object of perceptions, this section looks at definitions of audit committees.

In the context of audit committees in United States' Local Governments, Matkin (2010) provided a definition of audit committees as groups of persons who advocate for an organisation's interests by strengthening internal controls and ensuring the accuracy of financial statements.

'Audit committees are groups of individuals who represent the interests of their organisation's governing body and are responsible for strengthening the organisation's internal controls and for ensuring the accuracy of the organisation's financial reports.'
(Matkin, 2010 pp. 207-208)

On its website, the CIPFA position statement (CIPFA, 2022) described audit committees as playing a crucial role in an organisation's governance structure with their primary function being independent assessment of the effectiveness of governance, risk management and control mechanisms.

‘Audit committees are a key component of an authority’s governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements.’ (CIPFA, 2022).

CIPFA further contends that the audit committee should oversee both internal and external audits in addition to examining financial and governance reports to ensure that sufficient mechanisms exist for internal scrutiny and public accountability.

‘The (audit) committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.’ (CIPFA, 2022)

These definitions and descriptions contextualise audit committees within the broader framework of governance and accountability, raising questions about the position and contribution of audit committees: what are governance and accountability and how do audit committees contribute assurance of ‘adequate arrangements’ to the decision-making aspect of governance? The following sections address these questions.

2.3.7. Governance

The definitions of audit committees discussed above section place audit committees within the context of governance. This section asks what governance is and how audit committees contribute to it.

Bevir (2013) described governance as a multifaceted concept that shapes how entities are managed and controlled (Bevir, 2013 p. 1). Stoker (1998) asserted that governance is context-specific, varying with time and place (Stoker, 1998 p. 10) while Hughes (2010) concluded that ‘governance’ was ‘a word in need of rescue’ from ambiguous meanings (Hughes, 2010 p. 102). Hughes (2010), similarly to Stoker, (1998), asserted that governance has meaning only in specific contexts, that its use should be aligned with context and its intended meaning explained in each instance but Hughes also

identified that it is most often used in its etymological sense of control and power (Hughes, 2010 p. 88).

These sources suggest that governance is a complex and diverse concept that is influenced by context, time and location and which, while frequently linked to authority, is capable of multiple interpretations. In order, therefore, to ascertain the position and contribution of audit committees to governance, the context must be narrowed to that of English local councils.

2.3.8. Governance in English Local Councils

Writing in the specific context of local councils, the Local Government Association website described governance within local councils as decision-making processes and structures.

‘Councils are political organisations and their arrangements for decision-making are known as their ‘governance’.
(Local Government Association, 2024a)

According to the National Audit Office, (2019 p.5), local governance is a system of checks and balances that seeks to ensure that decisions are made in accordance with the law and based on adequate information.

‘Local politicians and officers operate within local governance frameworks of checks and balances to ensure that decision-making is lawful, informed by objective advice, transparent and consultative.’ (National Audit Office, 2019 p.5).

2.3.9. Social Impacts of Governance in Local Councils

The significance of governance in local councils lies in its impacts on the lives of its residents, particularly if governance fails. Woolgar and Neyland, (2013) used everyday examples, such as council bin bag specifications, airport queue management, traffic lights and speed cameras to illustrate how institutional governance shapes the daily lives of

individuals. If the audit committee, as a component of governance, fails to fulfil its governance role effectively and, if this failure contributes to the issue of a section 114 notice, there will be social impacts on the lives of residents in the form of higher council tax and reduced services, negatively affecting residents' lives. While the social effects of governance are not the focus of this research, this study recognises that governance is not merely an academic concept but that it has consequences for citizens in their daily lives, particularly when it fails.

2.3.10. Accountability

In addition to claims of a contribution to governance, audit committees are also legitimised by reference to accountability raising the question of what accountability is and how audit committees contribute to it.

In local councils, policy direction is determined by elected council members and implemented by specialist professional officers (Cochrane, 1996 p. 194) who are accountable to councillors, who, in turn, are accountable to citizens through the electoral system (Papadopoulos, 2016 p. 279).

Local governments have evolved into interconnected systems of service providers from the public, private and voluntary sectors (Stoker, 1996 p. 1) but, according to Guerin *et al.*, (2018), the systems for ensuring accountability have not progressed with the increasing complexity of outsourcing public services (Guerin *et al.*, 2018 p. 9). Additionally, Warren, (2016) asserts that there are instances where the delivery of services has been moved into arrangements that circumvent the accountability provided by elections (Warren, 2016 p.49).

These sources highlight the accountability links between professional officers, elected councillors and voting residents.

Franklin, Soroka and Wlezien, (2016) argued that accountability in representative democracies is based on elections, which allow voters to remove politicians, providing incentives for elected representatives to prioritise public needs (Franklin *et al.*, 2016 p. 389). By contrast, Warren (2016) contended that as mechanisms for accountability, elections have limitations since voters may re-elect representatives, not to endorse previous performance but because alternatives appear to be worse, disconnecting previous performance from re-election (Warren, 2016 p. 45).

2.3.11. Meanings of ‘accountability’

Romzek and Dubnick, (1987) identified four forms of accountability: first, bureaucratic accountability in which a subordinate reports to a superior; second, legal accountability in which an agent reports to a principle in a contractual relationship; third, professional accountability for expert advice given or received; fourth, political accountability in which elected representatives give account to their constituents (Romzek and Dubnick, 1987 p. 230).

Kluvers and Tippet, (2011) observed, however, that concepts of accountability are not static and that, since the advent of New Public Management, accountability had evolved from a ‘stewardship’ concept in which the steward holds a resource in trust for another, such as another person or a future generation, toward a managerial concept of reporting to a higher-level authority, corresponding to Romzek and Dubnick (1987)’s bureaucratic accountability. Kluvers and Tippet (2011) identified a consensus that accountability fundamentally involved a responsible person providing an account of their decisions and actions to another party (Kluvers and Tippet, 2011 p. 519).

Changes in the meaning of ‘accountability’ are also evident in the work of Bovens. In the context of accountability deficits in the European Union, Bovens, (2007) offered a

narrow concept of accountability as a relationship between an actor and a forum in which the actor must explain and justify his or her conduct, the forum may pose questions and pass judgment and consequences may follow for the agent (Bovens, 2007 p. 447). Writing in 2016, however, Bovens described a movement in the linguistic meaning of ‘accountability’, describing it as an elusive and contested concept that means different things to different people (Bovens, Schillemans and Goodin, 2016 p. 2).

Laegreid, (2016) also found a change in the meaning of ‘accountability’ brought about by New Public Management and observed conflicts between traditional concepts of accountability and its meaning in the context of New Public Management. Perceiving tension between political accountability and administrative accountability, Laegreid (2016) suggested that the traditional view of administrative behaviour assumes a clear separation between politics and administration. Laegreid (2016) observed, however, that the political nature of public administration obscures the distinction between politics and administration, making it difficult to hold administrators and managers accountable. Laegreid (2016) argued for a shift away from hierarchical accountability towards a more complex, multi-dimensional approach to accountability relationships that would better reflect the dynamic and political nature of public administration (Laegreid, 2016 p.329).

Sinclair (1995 p.222) defined public accountability as ‘a more direct answerability to community’ that involved activities such as answering to the public concern about how government programmes are designed and ensuring that public money is spent effectively, (Sinclair, 1995 p. 222), a definition that is consistent with Romzek and Dubnick (1987)’s political accountability.

In local councils that have a cabinet system, accountability classified by Romzek and Dubnick (1987) as ‘bureaucratic’ and by Laegreid (2016) as ‘administrative’ may be

viewed as distinct from political accountability in the separation between political scrutiny, which is the function of the Overview and Scrutiny Committee and administrative or bureaucratic oversight which is the function of the audit committee.

The key finding of the literature reviewed in this section is that, similar to governance, accountability is a multifaceted concept that may be understood in different ways depending on context and perspective but there is consensus that accountability involves a responsible person providing an account of their decisions and actions to another party, explaining and justifying conduct in a forum in which questions can be posed and judgments made.

2.3.12. Accountability to Citizens

Parsons and Rumbul, (2021) held that citizen engagement may be used by local and national public bodies to improve policies and services (Parsons and Rumbul, 2021 p.1).

The process for publication of the council's audited financial statements includes some rights for citizens. Under the Local Audit and Accountability Act 2014 sections 26 and 27 (HM Government, 2014), residents may inspect their council's financial statements, ask questions of the auditors and may make objections to the accounts. This right has been exercised, for example, in London boroughs of Lambeth, Southwark and Croydon (Downes, 2020).

Auditors' reports have, however, been criticised for employing specialised vocabulary that renders them largely incomprehensible to users (Collings, 2013). Further, Power, (2013) questioned whether audit reports contribute to democratic ideals and provide a basis for public critique or whether audit threatens to become merely a cosmetic exercise, replacing the risks faced by auditees with the risks faced by auditors if they are sued by those engaging them (Power, 2013 p. 123).

Bovens (2007) asserted that accountability refers to a specific set of social relations that can be studied empirically based on an actor and an accountability forum, giving five conditions that should be met for a social relation to qualify as public accountability: the account must be given in public, it must be an explanation and justification of conduct the account and given to a specific forum. The actor must feel obliged to give the account and there must be a possibility for debate and judgment, including the option to impose a sanction (Bovens, 2007 p. 452).

In local government, audit committees or their equivalent, alongside other committees such as Overview and Scrutiny committees, could serve the purpose of the specific forum. As in the Bovens (2007) conditions for a public accountability forum, council committee meetings must be conducted publicly unless it would be 'prejudicial to the public interest' due to limited circumstances as stated in the Public Bodies (Admission to Meetings) Act 1960 (HM Government, 1960), sometimes referred to as 'Part 2'. This is confirmed in the Local Audit and Accountability Act 2014 that is currently in force (HM Government, 2014). It may be observed, however, that in audit committees, councillors are holding each other accountable as distinct from being held accountable by those who elected them. This may indicate a lack of clarity concerning the role of the audit committee in that the public nature of audit committee proceedings could be deemed to be a form of public accountability while councillors questioning each other, rather than being questioned by the public, could be perceived as an internal scrutiny role.

2.3.13. Summary of Audit Committees as the Object of Perceptions

The sections above have discussed audit committees as the object of perceptions, the Husserlian phenomenological *neoma* (Sanders, 1982 p. 355) and in terms of Stone's Quadripartite Strong Structuration Theory (Stones, 2005), the external structure that

establishes the conditions of members' actions and within which councillors' internal perceptions are formed (Stones, 2005, pp. 84, 85).

The reviewed literature identified the close working relationship between audit committees and both internal and external auditors with the audit committee responsible for receiving and scrutinising audit reports.

In the definitions and descriptions reviewed, audit committees are defined and legitimised by reference to governance and accountability. In questioning what governance and accountability actually are, the literature points to governance in English local councils as the process of decision-making within a framework of power and control, essentially a component of a network of checks and balances that aims to ensure lawfulness, probity and appropriate management of risks in decision-making processes.

The literature reviewed identified a lack of clarity in the general term 'accountability', although some have offered definitions or descriptions. The review found a recent historical change in the generally understood meaning of 'accountability' which Romzek and Dubnick (1987) explained by classifications and Bovens (2007) with a model in which public accountability is the justification of decision-making in a public forum and the possibility of sanctions which, in English local councils, may be a political embarrassment factor and its potential implications for the re-election of the councillors involved.

There was found to be an assumption in many existing studies that audit committees are the appropriate means for connecting audit matters with local governance and accountability with few studies questioning that assumption. At the time of writing, CIPFA encourages the establishment of audit committees in local councils although the 2024 policy briefing paper by Sandford, (2024) stops short of making that

recommendation. It is found, therefore, that the evidence as to whether audit committees are the optimum means of linking audit matters to governance in local councils is inconclusive.

The literature discussed in this section may inform the study of councillors' perceptions of audit committees in so far as it alerts the current research to potential differences of understanding among councillors as to the meanings of governance and accountability which could result in a lack of clarity concerning the role of the audit committee in those matters.

2.4. ACADEMIC PERCEPTIONS OF AUDIT COMMITTEES

The majority of the academic studies collated through the literature search treated audit committees as social objects that could be studied quantitatively or qualitatively. Qualitative studies included the perceptions of various actors in the audit committee system and are considered in later sections.

Quantitative studies found correlations between specific audit committee characteristics and indicators of effectiveness in the corporate sector. Examples included earnings management and the audit committee's size, independence, expertise and frequency of meeting (Lin and Hwang, 2010), audit committee members' independence, competence and remuneration and compliance with 'best practice' (Magrane and Malthus, 2010) and members' expertise in sector-specific fields and aspects of audit reports (Velte, 2019).

Interpretations of the results of these types of studies differ, as the studies of Turley and Zaman (2004) and Ghafran and O'Sullivan (2013), each reviewing research studies for the preceding ten years, indicate.

2.4.1. Turley and Zaman, (2004)

Turley and Zaman, (2004) reviewed earlier empirical research on the contribution of audit committees to governance. The paper claimed no presumption of the effectiveness of audit committees in remedying weaknesses in private sector governance that had led to historic high-profile company failures (Turley and Zaman, 2004 p. 306). The study presented a framework of four areas in which audit committees were expected to have an effect: structural incentives including reduction of agency costs and directors' legal liability, audit function, financial reporting quality and corporate performance including share prices.

Turley and Zaman, (2004) were critical of the earlier work that they had reviewed, asserting that a significant limitation was that it had tended to focus on variables such as auditor independence, auditor tenure and financial reporting quality, rather than directly examining audit committees themselves. Turley and Zaman, (2004) found limited evidence supporting the value of audit committees in governance or organisational behaviour, observing that the adoption of audit committees does not automatically lead to specific governance effects. Turley and Zaman (2004) concluded that the effectiveness of audit committees is complex and context-dependent with limited and mixed evidence of the effects of audit committees on various aspects of governance.

Turley and Zaman, (2004) drew on studies of which they themselves were critical and in which audit committees were not the primary subject but a secondary concern, which may distort the findings. Turley and Zaman (2004) concluded by emphasising the need for further research including investigation of the unintended behavioural consequences of audit committees.

2.4.2. Ghafran and O'Sullivan, (2013)

While Turley and Zaman (2004) were critical of audit committees and claimed limited evidence of their efficacy, Ghafran and O'Sullivan, (2013) writing some ten years later, concluded otherwise.

Ghafran and O'Sullivan, (2013) reviewed empirical research of the preceding ten years on the effectiveness of the audit committee contribution to governance examining the audit committee characteristics of composition, resources and diligence on audit committee effectiveness represented by indicators of external audit quality, financial reporting quality and internal audit quality and the outcome in terms of investors' confidence.

Their review suggested that independent audit committees with greater expertise positively impact governance through the improved quality of the financial statements. Ghafran and O'Sullivan (2013) quoted stock market evidence that investors react positively to the appointment of members with financial expertise to the audit committee (Ghafran and O'Sullivan, 2013 p. 398). While the study finds associations between these audit committee characteristics and effectiveness, due to the nature of the research, no causal link was claimed.

2.4.3. Ellwood and Garcia-Lacalle, (2016)

The Turley and Zaman (2004) and Ghafran and O'Sullivan (2013) reviews related to the corporate sector. Drawing on the Romzek and Dubnick (1987) classification of four forms of accountability, Ellwood and Garcia (2016) placed audit committees in public entities into all four classifications. Similarly to studies in the private sector, in a quantitative study, Ellwood and Garcia (2016) found that a larger audit committee is associated with higher audit fees and consultancy costs while having members with

financial expertise is associated with higher legal fees and consultancy costs. The audit fee indicator does not currently apply to the majority of English local councils since they are opted in to the Public Sector Audit Appointments (P.S.A.A.) scheme which appoints the auditor and sets the fee scale for local council audits.

A key finding of Ellwood and Garcia-Lacalle (2016) was that N.H.S. Foundation Trusts had adapted the role of the audit committee to meet the accountability needs of the wider stakeholders of N.H.S. hospitals, assuring vertical financial accountability and also providing assurance along horizontal lines of accountability to local communities, professional bodies and other stakeholders (Ellwood and Garcia-Lacalle, 2016 p. 1158).

The study did not question whether audit committees are the optimum solution to the need for assurance, repeatedly stating the assumption that audit committees in the corporate sector enhance governance (Ellwood and Garcia-Lacalle, 2016 pp. 1138, 1139, 1143, 1158).

2.4.4. Reconciling the Differences

The difference of viewpoint between the Ghafran and O'Sullivan (2013) who perceived the evidence to be supportive of audit committee outcomes and Turley and Zaman (2004) who perceived limited evidence of their effectiveness could be due to the time lapse of ten years between the studies which could have allowed audit committees to mature and become more effective, suggesting an evolutionary process of adaptation to sector-specific needs as found by Ellwood and Garcia-Lacalle, (2016) in N.H.S. Foundation Trusts. This reconciliation of the three viewpoints is, however, supposition in the absence of conclusive evidence and the difference of conclusions may simply be due to having selected different studies for inclusion in their respective papers.

While none of these studies relates specifically to councillors' perceptions of audit committees and the outcomes of those perceptions in terms of governance and accountability, they alert this research to the potential for differing perceptions of audit committees and varying assessments of the effectiveness of audit committees in contributing to governance and accountability.

2.5. REGULATORS' PERCEPTIONS OF AUDIT COMMITTEES

This section of the literature review studies the perceptions of three bodies which have a high levels of normative influence in local council financial and audit matters including audit committees, as revealed by their publications: first, the Position Statement and other guidance issued on its website by The Chartered Institute of Public Finance Accountants (CIPFA) which issues codes of practice on financial and audit matters in local government; second, 'Lessons from Public Interest Reports and other Interventions Part II', Grant Thornton, UK LLP, a major audit firm that performs a large percentage of statutory audits in local councils and ensures compliance with codes of practice issued by CIPFA; third, the report of the Redmond Review, conducted in 2020, which was commissioned by the Secretary of State responsible for local government to examine financial reporting and auditing of local authorities in England, focusing on the effectiveness of the Local Audit and Accountability Act 2014 including audit committees. These three sources provide regulatory perspectives at three levels: the issuance of regulatory codes, the enforcement of them and the evaluation of the implemented practice.

2.5.1. The Chartered Institute of Public Finance Accountants (CIPFA)

The Capital Finance and Accounting Regulations 2003 gives the Chartered Institute of Public Finance and Accountancy (CIPFA) the power to produce statutory codes of accounting and financial practice for local authorities (H.M. Government, 2003 Part 7).

CIPFA's official perception of audit committees, as expressed through its Position Statement, is that audit committees contribute to governance through the oversight of risk management, financial reporting, compliance with statutory duties and fulfilment of accountability responsibilities to the community and stakeholders (CIPFA, 2022).

Detailed study of CIPFA's perceptions of audit committees is, however, obscured by membership and cost barriers. Much information is restricted to its members only and its publication, 'Audit Committees: Practical Guidance for Local Authorities and Police (2022 edition)' costs £265.

2.5.2. Grant Thornton, (2022)

In 'Lessons from Public Interest Reports and other Interventions Part II', Grant Thornton, UK LLP, a major audit firm that performs the majority of statutory audits in local councils, published a report on the key issues arising from its interventions in local councils where financial crises had arisen. The report indicates a perception of audit committees as contributing to governance in compliance with the CIPFA position statement (Grant Thornton UK LLP, 2022 p.15).

2.5.3. The Redmond Review (2020)

Redmond, (2020), issued a national 'Call for Views' on audit matters to which it received 156 survey responses and further carried out 100 interviews. In relation to audit committees, it was found that, most councils have established some form of audit

committee as a sub-committee of the Full Council, although at the time of the review, audit committees were not obligatory in local councils other than for Mayoral Combined Authorities. Consistent with the expressed perceptions of CIPFA, (2022) and Grant Thornton, (2022), the report perceived the desired outcomes of an audit committee to be assurance on the councils' governance, risk management and control arrangements (Redmond, 2020 p.39).

2.5.4. Common Assumptions

Redmond was the president of CIPFA in 2012 (CIPFA, 2025). It is, therefore, unsurprising that there are common assumptions between his report of 2020 and the CIPFA position statement of 2022.

These sources present perceptions of audit committees from an accounting perspective and rely on an assumption that audit committees contribute to governance through the provision of assurance in respect of audit, risk management and internal controls. The sources do not question whether audit committees are the optimum solution to the need for that assurance. They suggest, however, that audit committees in some local councils are failing to achieve this objective, concurring that the effectiveness of audit committees in achieving the required outcome of the assurance that adequate governance and accountability arrangements are in place is impaired in three particular respects: first, by the individual dispositions of the audit committee members; second, by the collective knowledge and competence of the audit committee; third, by partisan conduct.

CIPFA perceived the necessary personal qualities of an audit committee member to be an independent disposition, willing to challenge authority when necessary and possessing the necessary aptitude, knowledge, skills and experience commenting that, while expertise is useful, attitude and the willingness to undertake relevant training is of

equal importance (CIPFA, 2022 p. 4). CIPFA further recommended that expertise be enhanced by the inclusion on the audit committee of a minimum of two independent advisory members, non-elected persons coopted for their financial or governance knowledge (CIPFA, 2022 p. 3).

Redmond (2020), questioned the ability of elected members to serve effectively on an Audit Committee, reporting that councillors may lack the necessary skills or experience and, although most councils offer training, the extent and impact of such training were unclear, making it uncertain whether members could challenge statutory officers effectively (Redmond, 2020 p. 40). With regard to the appointment of independent members to the audit committee, however, Redmond (2020) found that some respondents to the survey reported that, while independent members could provide essential expertise, a lack of sector-specific knowledge may limit their usefulness (Redmond, 2020 p. 40).

Grant Thornton (2022) identified deficiencies in the balance of skills and knowledge within audit committees with some committees failing to challenge effectively, emphasising the need for improved training, independently-minded chairs and supporting, by a specific recommendation, the appointment of qualified independent members to the committee (Grant Thornton UK LLP, 2022 p. 15).

According to Redmond (2020) many Audit Committees filtered information going to the Full Council with only summary audit committee reports or minutes and significant auditor recommendations presented to the Full Council (Redmond, 2020 p. 43). Redmond (2020) further reported that the finding that 56% of local authority respondents expressed a preference for external audit reports to be considered by the Audit Committee, reserving Full Council involvement for decision-making (Redmond, 2020 pp. 43,44). This finding

calls into question the effectiveness of the audit committee in fulfilling its governance role of informing decision-making.

There is, however, a less visible difference between these studies of the perceptions of regulators and those of the studies considered in relation to the effectiveness of audit committees. The regulators perceive that the role of the audit committee is to provide assurance on the councils' governance, risk management and control arrangements while studies of audit committee effectiveness use more precise measures of effectiveness such as audit fees. Measures of the effectiveness of audit committees in giving assurance on risk management and control arrangements appear to be few.

2.5.5. The Political Dimension

A major area in which local councils differ from the private sector and other parts of local government, such as N.H.S. Trusts, is the directly political context.

Redmond (2020) reported a conflict of interest between councillors' audit committee roles which require independence and their party group allegiances which require partisan loyalty, particularly for audit committee members who are members of the controlling group being asked to question their own leadership. Further, Redmond (2020) found political partisanship embedded in the structure of many council audit committees with audit committee membership often based on political proportionality and chaired by a member of the controlling political group. From a survey of a representative sample of 27 local council audit committees, Redmond (2020) found that 60% of audit committee members were members of the controlling group, 30% were opposition members and 10% were independent (co-opted) members. Further, the findings showed that 74% of audit committee chairs were members of the controlling group, 22% were members of the opposition and 4% were independent (co-opted) members. (Redmond, 2020 pp.39, 40).

These findings indicate that, for councils that base their audit committee membership on political proportionality, the political group that controls the council will have a corresponding majority on the audit committee and that the chair may also be from the controlling group. In this situation, audit committee members from the controlling group, may or may not possess the independent disposition required to override their own internal loyalties to their party group and to challenge effectively when needed.

Grant Thornton, (2022) reported instances of audit committee members voting in accordance with their party line and of opposition challenges being disregarded. A recommendation of the report was that councils should evaluate whether the audit committee maintains political balance or if it would benefit from a more evenly distributed membership across party groups (Grant Thornton UK LLP, 2022 p. 15). The report does not, however, provide specific examples of audit committees voting on party lines which precludes further analysis of those instances and the recommendation for re-evaluation of political proportionality in in favour of political balance in which audit committee membership would be distributed between the parties was imprecise and stopped short of making a specific recommendation for change. Grant Thornton UK LLP, (2022) expressed concerns that partisan loyalties may influence how councillors respond to audit committee matters, potentially hindering the impartiality required of the audit committee role.

2.5.6. Outcomes for governance and accountability

Previous sections of this literature review identified governance in English local councils as the decision-making processes and structures. Redmond (2020), however, found instances where audit committees filtered the information presented to full council and significant issues were not communicated. Redmond (2020) expressed concern that, if it is common for councils not to inform the majority of elected members about serious

governance or financial issues, councillors may remain unaware of such matters (Redmond, 2020 pp. 43,44). The report noted that, to improve the contribution to governance, the external auditor should report to Full Council on conclusions and identified risks, in a timely manner and a comprehensible format (Redmond, 2020 p. 45).

In terms of outcomes for accountability, Redmond (2020 p.44) questioned whether public accountability is impaired by the public not knowing that they may access the committee papers and observe audit committee meetings.

2.5.7. Summary of Regulators' Perceptions of Audit Committees

The perceptions of regulators as derived from statements and reports of key bodies reveal an underlying assumption that audit committees in local councils are appropriate despite several problems that need to be addressed in order to ensure their effectiveness in producing the required outcomes for governance and accountability.

The dominant perception of these bodies is that audit committees in local councils are the necessary and appropriate means of providing assurance on relevant governance arrangements but that those charged with responsibility for managing and operating them are failing to do so to the required standard. There is no apparent consideration of alternatives to audit committees in these reports other than a case for external audit reports to be presented directly to Full Council.

Redmond (2020) and Grant Thornton (2022) revealed weaknesses in the attitudes of some audit committee members, including a reluctance to listen to challenges and a failure to demonstrate necessary characteristics such as objectivity and independence. There are criticisms, too, of the competence of members and their lack of essential knowledge and skills and a propensity to partisanship. This description may suggest that councillors perceive audit committees through the hermeneutic lens of their political

allegiances and that audit committees, which may involve conflicts with political loyalty, result in a reluctance to acquire the skills necessary to challenge their own administration. The filtering of information being presented to the decision-making level of local councils described by Redmond (2020) may divorce audit committees from the decision-making aspect of governance. This undermines the legitimisation of audit committees as contributors to governance.

The underlying assumption of the material discussed in this section, however, is that audit committees should exist and be improved without any apparent questioning of whether they are the optimum mechanism for local council accountability or whether an alternative mechanism, such as enhanced reporting, might be a more appropriate option in the political environment of local councils.

Regarding the recommendation that audit committees should include at least one coopted independent member and should be made mandatory in all local councils, the government's response to the local audit framework technical consultation published on 17 December 2020 stated:

‘... this government response also confirms that once parliamentary time allows, we plan to make Audit Committees mandatory for all councils, with at least one independent member nominated to each audit committee.’ (H.M. Government, 2022)

At the time of writing, 2024, no such legislation has been enacted.

The reports discussed above require caution. Neither report concerned audit committees as the key focus. The Grant Thornton report was compiled from reports on councils that had required a public interest report or other intervention and its findings may not be applicable to those councils that have not required an intervention. It is not possible, therefore, to draw clear conclusions as to the state of audit committees in the majority of councils. The Redmond review is now four years old over a period of significant issues,

particularly changes brought about by the pandemic such as the live streaming of council meetings, including audit committees, which were introduced to allow compliance with the legal requirement for council meetings to be held in public at a time when public meetings were banned and which has continued in many councils.

2.6. THE PERCEPTIONS GAP

Some researchers have identified a perceptions gap between the intentions of regulators and the perceptions of agents active in audit committee structures and processes.

2.6.1. Spira, (1999) Ceremonies of Governance

Spira, (1999) explored participants' accounts of audit committee activity in the corporate sector using actor-network theory concepts, examining the ceremonial components of meetings and questioning. Based on a qualitative methodology, primarily interviews with participants in audit committees, she identified a divergence between regulatory assertions of the value of audit committees and the perceptions of the individuals involved in them, concluding from her findings that the popularity of audit committees may be due to their ceremonial function which validates company legitimacy and suggests that this ceremonial performance offers comfort and reassurance to investors and lenders.

Spira (1999) alerts future research to the possibility that the perceptions of actors in the audit committee system may differ from the intentions and perceptions of regulators.

2.6.2. Hepworth and Koning, (2012)

Hepworth was a director of CIPFA (1995) and, while supporting the principle of audit committees as mechanisms of governance in line with the CIPFA position, offered

warnings as to the risks if the audit committee were not properly constituted and offered an alternative model of enhanced reporting.

Writing in the context of the potential establishment of audit committees in the European public sector, Hepworth and Koning, (2012) suggested that potential negative perceptions could arise if audit committees are not properly established asserting that, if the functional reporting line for internal audit is unclear or the audit committee lacks credibility, audit committees may be perceived as an unwelcome layer of bureaucracy and face resistance from managers and stakeholders. Additionally, the time-consuming nature and operating costs of such committees can be controversial, especially during periods of public spending cuts (Hepworth and Koning, 2012 p.18). The report suggested direct reporting at board level or its equivalent for external audit and having internal audit report to an appropriate level such as the minister, general director or mayor could serve as an alternative to audit committees (Hepworth and Koning, 2012 p.17).

The contribution to the study of councillors' perceptions of audit committees is the suggestion that, while audit committees are perceived as a key component of corporate governance (Hepworth and Koning, 2012 p.11), there is also a risk of negative perceptions of audit committees. It also offers a rarely found alternative to audit committees through direct reporting of auditors at an appropriate level.

2.6.3. Spira, (2003) Begging the Question

Spira, (2003) explored the role of audit committees in corporate governance, specifically focusing on the questioning process and its impact on achieving the intended benefits. The study was a qualitative analysis of existing literature and professional guidance including interview results from Spira's earlier work.

Spira (2003) concluded that non-executive directors felt constrained from questioning by their perceptions of board culture and the need for constructive relationships with executive colleagues and, further, that high-level skills were needed in order to question effectively and positively (Spira, 2003 p. 185) since forceful questioning might damage relationships within the organisation (Spira, 2003 p. 186). While accepting the importance of questioning, Spira (2003) found limited evidence of a link between audit committee questioning and improved corporate governance.

The work of Spira (2003) is now over 20 years old and relates specifically to audit committees in the corporate sector. Her findings raise the question, however, of whether similar issues exist in councillors' perceptions of audit committees.

2.6.4. Kluvers and Tippett, (2010)

Kluvers and Tippett, (2010) explored elected representatives' perceptions of accountability in local government in Victoria, Australia. From a survey analysed through quantitative techniques, the findings included the perception that personal values are an important aspect of accountability, irrespective of legal requirements and that individual values will either assist or impede accountability relationships.

Kluvers and Tippett (2010) alert the current research to the possibility that the personal values of the individual councillors may be a part of English local councillors' internal structures that influence their active agency.

2.6.5. Parsons and Rumbul, (2021)

Parsons and Rumbul, (2021) examined the perceptions of UK local councillors towards citizen participation and its impact on decision-making processes. The study used a stratified sample and an email survey to gather 122 responses. The findings suggested

that political ideologies, practical considerations and power relationships influence councillors' perceptions of citizen participation. These findings may not be generalisable to councillors' perceptions of audit committees but inform the current research by creating awareness of the potential importance of factors such as political dynamics, previous experience, perceived legitimacy and contextual factors.

2.6.6. Purcell, Francis and Clark, (2014)

Purcell, Francis and Clark, (2014) studied the perceptions of survey and interview participants regarding the effectiveness of audit committees in local government in Victoria, Australia and the factors that contributed to their effectiveness using agency theory as the basis for its analysis (Purcell, Francis and Clark, 2014 p. 339). The methodology combined quantitative and qualitative research methods through a survey and interviews. Participants included audit committee chairs, mayors and chief executives.

Audit committee chairs' perceptions are difficult to extract from the research due to their integration with mayors and chief executives. Differences were found in perceptions of training and induction, with chairs perceiving it to be the responsibility of council officers and auditors to appraise the committee of necessary information while other groups perceived the training of audit committee members to be of importance (Purcell, Francis and Clark, 2014 p. 356).

Other groups perceived briefings by officers on specialist areas to be important, while audit committee chairs did not (Purcell, Francis and Clark, 2014 p. 357). On the technical issue of audit adjustments, where the statutory auditor is of the opinion that figures produced by the Finance Officer require amendment, other participants felt that this issue was important while audit committee chairs did not (Purcell, Francis and Clark, 2014 p. 359). Further, audit committee chairs perceived the potential for manipulation of

agendas and information going to the audit committee with an example of the perceived, deliberate withholding of information from an audit committee raised by one participant. Audit committee chairs also raised the matter of difficult personalities which, in the case of one audit committee chair, caused him to question the value of the audit committee in his council (Purcell, Francis and Clark, 2014 p. 360).

Doubt concerning the competence of councillors was raised with a chief executive expressing the view that audit committee chairs may have lacked the knowledge required to understand and answer the survey questions. This was also the view of a corporate services director who questioned the educational background and relevant experience of some councillors. The view was also held by an audit committee chair who perceived that the level of competence of audit committee members was an issue particularly in rural councils (Purcell, Francis and Clark, 2014 p. 359).

While the study found that the three groups of respondents were mostly consistent, these cases suggest differing perceptions between chief executives, mayors and audit committee chairs emphasising that the perceptions of one category of actor regarding audit committees does not necessarily represent the views of all participants.

This study by Purcell, Francis and Clark, (2014) included a strong male bias in that 84% of respondents and 100% of audit committee chairs were male (Purcell, Francis and Clark, 2014 p. 349), a reflection of the social change that has taken place during the last ten years which might also suggest that the findings may not represent the current situation in other respects.

2.6.7. Summary of the Perceptions Gap

This section has explored a sample of studies on the perceptions of audit committees in both the private and public sectors, highlighting the potential gaps between

regulatory intentions and the actual perceptions of individuals involved in these committees.

The studies indicate that various factors may influence the perceptions of individuals creating a gap between audit committees as they were perceived and intended by regulators and agents' perceptions of them. These studies alert the current research to the possible impacts of negative perceptions, the time-consuming nature and operating costs of audit committees especially during periods of public spending cuts, cultural constraints on questioning, personal values and factors such as political ideologies, practical considerations and council power on councillors' perceptions of audit committees.

2.7. PERCEPTIONS OF AUDIT COMMITTEE COMPETENCE

The members of audit committees in English local councils are presented with financial information but some researchers have questioned the ability of politicians to assess and interpret financial information. In the absence of literature relating to the perceptions of competence of the agents in focus in understanding and interpreting financial information, studies relating to perceptions of competence of politicians in other contexts is reviewed.

2.7.1. Ezzamel *et al.*, (2005)

Ezzamel *et al.*, (2005) explored the use of accounting information by politicians in the Northern Ireland Assembly's first term. The research aimed to understand the difficulties that politicians face in understanding and using accounting information and how this may restrict their ability to engage in key deliberations, undermining democratic

control and accountability. Ezzamel *et al.*, (2005) carried out 17 interviews with 11 politicians, two senior civil servants and four external experts.

Ezzamel *et al.*, (2005) found several difficulties that politicians faced in understanding and using accounting information. Many politicians had limited knowledge and understanding of accounting concepts and terminology making it challenging for them to engage in debates and discussions that used accounting language and the volume of information made it difficult for politicians without an accounting background to fully comprehend and engage in discussions that used accounting terminology. Ezzamel *et al.*, (2005) concluded that these difficulties in understanding and using accounting information can hinder politicians' ability to scrutinise effectively and make informed decisions, potentially undermining democratic control and accountability.

While the Ezzamel *et al.*, (2005) study is now twenty years old and conducted in the specific context of the Northern Ireland Assembly, it raises issues that could be relevant to councillors serving on audit committees in English local councils who also receive complex financial reports.

2.7.2. Hyndman, (2016)

Hyndman, (2016) examined the implementation and impact of accrual accounting, a method of accounting that presents the resources used in an accounting period as distinct from the resources purchased, into the UK public sector. The study is a review of previous literature and argued opinion.

Consistent with the findings of Ezzamel *et al.*, (2005), which is included in the Hyndman (2016) study, Hyndman (2016) viewed the newly imposed form of accrual accounting as being unnecessarily complex, difficult to understand and failing to focus on key public-sector issues and that these difficulties had the potential to undermine

democratic accountability if politicians were unable to engage with the sophisticated language used. Hyndman (2016) argued that, if accrual accounting systems were to be adopted, they should be as simple as possible, with a focus on the needs and abilities of politicians and other lay users of information and accompanied by education and training of managers and politicians.

Hyndman, (2016) informs this current study of the potential difficulties for local politicians in comprehending complex financial information upon which they may need to make decisions and the duty of officers and auditors presenting reports to the audit committee to do so in an understandable manner.

2.7.3. Van Helden and Reichard, (2019)

Van Helden and Reichard, (2019) drew on existing literature to analyse the use of accounting information in the public sector, including the different groups of information users, their various interests and the factors that influence their actual use of accounting information. The majority of users included in the study were politicians and managers (Van Helden and Reichard, 2019 p. 480).

The Van Helden and Reichard (2019) study suggested that politicians may have different perceptions and uses of accounting information from other user groups and their preferences may sometimes conflict with the professional correctness of financial documents. According to Van Helden and Reichard (2019), the use of accounting information by politicians can have a significant impact on policymaking and the actions of the organisations they oversee and yet they are considered lay users without professional accounting expertise. Van Helden and Reichard (2019) advocated the engagement of politicians in the design of accounting statements to ensure their usability and relevance for political decision making and accountability.

This study is consistent with the findings of Ezzamel *et al.*, (2005) and Hyndman, (2016) and informs the current research of the possibility that local councillors may have similar difficulties in understanding the financial information upon which policy decisions need to be made.

2.7.4. Donatella and Karlsson, (2023)

The studies of Ezzamel *et al.*, (2005), Hyndman (2016) and Van Helden and Reichard, (2019) presented a negative perception of the competence of politicians to understand the financial information upon which they are supposed to act. An alternative perspective is presented by Donatella and Karlsson, (2023).

Donatella and Karlsson, (2023) examined the alignment of local politicians' perceptions of financial conditions of their municipalities with the actual financial indicators presented in published financial accounts. The research statistically analysed survey data from elected council members in Swedish local authorities (Donatella and Karlsson, 2023 p. 37). The results showed that several financial indicators, such as deficits, surpluses, tax rates and grant dependency significantly correlated with politicians' perceptions and found a strong positive correlation between the perceptions of politicians and Chief Finance Officers (Donatella and Karlsson, 2023 p. 42).

Donatella and Karlsson, (2023) stated the inconsistency of their findings with those of Ezzamel *et al.*, (2005), Hyndman, (2016) and Van Helden and Reichard, (2019) asserting that, based on the financial indicators used in their study, politicians may understand the overall financial condition of their municipality despite the complexity of the financial accounts (Donatella and Karlsson, 2023 p. 43).

The study did not address the reason for the alignment of councillors' perceptions and the financial indicators which could be through the interpretation of an intermediary,

for example, the Finance Officer or auditor or through the absorption of facts from other external sources.

2.7.5. Summary of Perceptions of Competence

Ezzamel *et al.*, (2005), Hyndman (2016) and Van Helden and Reichard, (2019) presented negative conclusions relating to the competence of politicians to understand the financial information that they required in order to fulfil their roles while Donatella and Karlsson, (2023) found otherwise. Hyndman, (2016) and Van Helden and Reichard, (2019) drew on existing literature for their findings. Ezzamel *et al.*, (2005) carried out 17 interviews of which 11 were with politicians leading to the negative findings while Donatella and Karlsson, (2023) constructed a survey which they analysed by statistical methods. Contexts were the Northern Ireland Assembly, UK Central Government, the public sector in general and Swedish municipalities.

While the differences of methodology, contexts and findings mean that no clear conclusions can be reached based on the literature reviewed above, it alerts this current research to the possibility that English local councillors on audit committees may perceive the financial information provided to them to be difficult to understand.

The study by Donatella and Karlsson, (2023) was premised upon the question of whether politicians had the capacity to understand the information necessary for them to make good decisions (Donatella and Karlsson, 2023 p. 29). The study does not assist in understanding whether the elected representatives surveyed understood financial information, merely that elected representatives' perceptions of specific financial indicators aligned with available accounting information. The reason for the alignment is not specifically identified and could come from explanations by officers or the general

‘osmosis’ of experience. It might also indicate that a sufficient number of councillors have understood the accounts and have communicated their observations to others.

The common perspective that emerges from these studies is that financial information is only useful if its users understand it and that, while there are issues of competence in relation to elected politicians’ ability to comprehend financial information, there is also a need for accounting information to be made comprehensible to all its users, including politicians. In this respect, Van Helden and Reichard (2019)’s recommendation that financial reports should be designed with the involvement of the parties that will use the information becomes pertinent.

2.8. PERCEPTIONS OF THE POLITICAL CONTEXT

While councillors’ perceptions of audit committees and the impact of those perceptions on governance and accountability remain largely unexplored, some researchers have identified in other contexts that a political environment influences the perceptions and conduct of audit committee members.

2.8.1. Jamil, (2020)

Jamil, (2020) explored the impact of political connections on audit committees and corporate governance in companies. The study aimed to understand how political connections influenced audit committees, audit fees, audit quality and the auditor's assessment process, especially in cases where the government held coercive power. The research was based on a qualitative analysis of existing literature without primary data collection. The study suggested that political connections can influence audit fees and the audit process, impacting corporate governance. Additionally, the inclusion of politicians or senior government officers on audit committees may affect audit committee actions. The

study acknowledged, however, that there was limited evidence relating to politically connected audit committees with mixed findings and difficulty accessing external and internal auditors due to confidentiality. Jamil, (2020) suggested that having at least one former politician or senior government official on a company's audit committee could generate political influence.

This study raises the question: if one politically connected member of the audit committee can impact the corporate governance role of an audit committee in the private sector, what are the implications for a council audit committee on which all or most of the members are local politicians?

2.8.2. Copus (2008)

Copus (2008) explored how councillors had adapted to their new Overview and Scrutiny roles, established by the Local Government Act 2000 (L.G.A. 2000), which required councillors on the Overview and Scrutiny Committees to hold mayoral administrations to account. Reflective of the time of publication, Copus (2008) does not rely on a specific theory. At the time of the Copus (2008) research, Overview and Scrutiny Committees were compulsory for all local councils.

Copus (2008) contended that party allegiances were powerful influencers, capable of shaping Councillors' actions, suggesting that the power of the party group to limit mayoral agency should be recognised (Copus, 2008 p. 593).

Based on 253 survey responses and 40 interviews, Copus (2008) concluded that entrenched patterns of partisan behaviour, in which group loyalty required councillors of the same party to act as cohesive units, conflicted with the new expectation of political accountability in which councillors may be expected to publicly question and challenge a mayor from their own party while also being open to supporting initiatives from opposition

party groups (Copus, 2008 p. 601). According to Copus (2008), this outcome occurred because the political party and party group are central in councillors' perceptions requiring disciplined loyalty from their members in presenting a unified front, especially in public settings.

Copus (2008) focused specifically on English councils with directly elected mayors, excluding London, limiting the generalisability of the findings to other contexts or forms of local government and the research does not compare the perceptions of councillors serving on mayoral councils with those serving in other forms of local councils. It is, therefore, unknown whether the issues identified by Copus (2008) were specific to Overview and Scrutiny committees in the mayoral governance model or were more general challenges faced by councillors.

Audit committees share some commonalities with Overview and Scrutiny Committees in that they work within a council's political environment and culture and require councillors to hold the administration to account. While Overview and Scrutiny Committees focus on political challenges, in contrast to the Audit Committee's emphasis on internal control, risk management and audit, both committees address aspects of governance and accountability.

Copus (2008) revealed that deeply entrenched allegiances and a culture of loyalty and unified presentation of a partisan stance was of critical importance to councillors and a significant challenge to their willingness to criticise a mayor of their own party, raising a question for councillors' perceptions of audit committees: Do councillors perceive similar conflicts in their audit committee roles?

2.8.3. Bottom and Reiser, (2014)

While Copus (2008) focussed on politisation in Overview and Scrutiny Committees in mayoral authorities, in a comparative case study of directly elected mayoral authorities in England and Germany's North Rhine-Westphalia (N.R.W.), Bottom and Reiser, (2014) explored whether levels of local party-politicisation had diminished in two highly party-politicised local systems of elected mayoral authorities in relation to processes and decision-making since their respective implementations (Bottom and Reiser, 2014 p. 339).

In England, the majority of elected mayors were found to be from the major parties and, while directly elected mayors were often of the same political party as the council's majority party, where this was not the case, party politics tended to disempower the mayor and obstruct decision-making with mayors in hung councils facing particular challenges. Further, the study found that party-politicisation remained high, with party credentials being crucial for selection (Bottom and Reiser, 2014 pp. 343, 344).

Noting that, where selection criteria included qualifications a degree of depoliticisation was observed, the study suggested that, while directly elected mayors introduced some changes, political parties continued to have a significant role in both England and N.R.W.

The significance of this study for the current research is that it signals the potential for central party control to influence councillors' perceptions of audit committees which require objectivity and independence in their governance role, raising the question of the extent to which a councillor, whose reselection for the next local election depends on his or her standing with the party, can reasonably be expected to question or criticise their own group's administration.

2.8.4. Copus, (2016)

Copus, (2016) extended his study of councillors' perceptions of Overview and Scrutiny Committees from the 2008 analysis of the mayoral context to the wider context of local councils. During the period between Copus (2008) and Copus (2016), Overview and Scrutiny Committees had ceased to be mandatory in all councils as under the Localism Act 2011 councils were permitted to return to the committee system (H.M. Government, 2011).

With some experience as a councillor, Copus, (2016) drew on national and international research projects and interviews, observations and focus groups involving 237 participants together with 'an eclectic range of sources' (Copus, 2016 p.14) to explore the roles, duties and social expectations of councillors and how councillors balance their multiple roles.

Copus (2016) emphasised that to understand the experiences of councillors, it is essential to recognise that councillors are, first and foremost, politicians in a political environment and that their experiences should be examined through this lens (Copus, 2016 p.53). Copus (2016) used the following quotation from a participant interview to reveal the impact of partisan allegiance on a councillor's perceptions of the Overview and Scrutiny Committee.

'The council has a Conservative majority, which I fought for, a Conservative leader, whom I voted for and is implementing Conservative policies which I support. I don't want to challenge that.' (Copus, 2016 p.29)

Copus (2016) found that political practices required disciplined loyalty to the party group that was incompatible with the new role in Overview and Scrutiny Committees which required them to question and challenge their political leadership in public (Copus, 2016 p.29).

The assertion that councillors are politicians in a political environment may overlook other influences, such as local issues and individual experiences but Copus (2016) found a conflict of interest between partisan loyalty and councillors' Overview and Scrutiny roles. Similarly to overview and scrutiny committees, audit committees require members to question and challenge, raising questions as to whether controlling party members on audit committees may reasonably be expected to question and challenge their own administration.

2.8.5. Auerbach, (2021)

Auerbach, (2021) explored the impact of partisan allegiances on the local mayoral system in Bosnia Herzegovina. The study used a combination of theoretical, qualitative and quantitative analysis to develop a theory of 'partisan accountability' to explain how local mayors prioritise party allegiance over constituents. The research, which focused on the case of Bosnia and Herzegovina, found that major political parties were using mayoral recalls to influence local governance, pressuring mayors to prioritise political allegiance over accountability to citizens such that elected mayors acted as agents of central parties rather than of the electorate.

The findings of Auerbach, (2021) alerts this research to the possibility that central parties may exert influence over local councillors to ensure loyalty and compliance with central party interests displacing accountability to electors.

2.8.6. Whiteley and Kölln, (2019)

Whiteley and Kölln, (2019) investigated how different sources of partisanship influence government accountability in Europe. Using survey data from Europe from 2002 to 2012, Whiteley and Kölln, (2019) applied quantitative research techniques to study the

connection between performance in office and electoral consequences. The research found that partisanship may weaken or strengthen accountability according to its source and that partisanship may enhance accountability.

These findings would appear to contradict the findings of Auerbach (2021) which found that partisanship impairs accountability, a difference of perspective that may be due to the use of different methodologies and different contexts, pointing to the need for caution in applying research from other contexts to U.K. councillors' perceptions of audit committees.

2.8.7. Summary of Perceptions of the Political Context

The studies reviewed in this section identified a conflict of interest between partisan loyalty and the role of councillors in holding administrations accountable and the importance of party allegiances in shaping councillors' actions and behaviour, acknowledging the challenges faced by councillors in publicly questioning and challenging their own political leadership. The studies suggest that the influence of partisanship on accountability can vary depending on sources and contexts, pointing to the complexity of the relationship between partisanship and accountability, emphasising the need for further research to understand the specific influence of political dimensions on audit committees and governance in English local councils.

2.9. PERCEPTIONS OF COUNCILLORS' ROLES

As context for the structuration analysis, this section of the literature review explores various dimensions of councillors' roles, including their involvement in audit committees. It examines the historical foundations and evolution of councillors' roles, their

political environment, the complexities they face, their roles in governance and accountability and their specific roles within audit committees.

2.9.1. Historical Foundations and Evolution

The roles of councillors have evolved over time, influenced by legislative changes and the complexities of modern governance. Copus (2004) traced the historical foundations of councillors' roles back to the Victorian era, where councillors' roles were construed as managers of service provision and trustees of taxation. The Victorian concept of councillors as trustees developed over time to incorporate a representational role. The enactment of the Local Government Act 2000 introduced a scrutiny role, which may conflict with councillors' roles as party delegates (Copus, 2004 pp. 19, 29, 46, 295).

Further studies by Copus explaining more fully the conflict inherent in councillors' roles between party loyalty and oversight were discussed in sections 2.8.2 and 2.8.4 above.

2.9.2. Councillors' Party-Political Roles

As discussed in sections 2.8.2 and 2.8.4 above, Copus (2016) asserted that it is essential to recognise that councillors are, first and foremost, politicians in a political environment and that their roles should be examined through this lens (Copus, 2016 p.53)

Copus further contended that party allegiances were powerful influencers, capable of shaping Councillors' actions (Copus, 2008 p. 593). Revealing deeply entrenched allegiances, Copus (2008) asserted that a culture of loyalty and an expectation of unified presentation of the party group stance was of critical importance to councillors and a significant challenge to their willingness to criticise their own party in their scrutiny roles (Copus, 2008).

Other writers on the party-political roles of councillors include Bottom and Copus (2011) and the journalist Midlands (2023) writing in 'The Guardian (Online)'.

Bottom and Copus, (2011) examined the motivations and characteristics of Independent councillors in English local government, contrasting them with their party-affiliated counterparts.

Bottom and Copus, (2011) examined the tension that party-affiliated councillors faced between representing their communities and adhering to their party's demands. Party councillors were expected to prioritise party loyalty and unity, often placing the needs of their party above those of the electorate. The expectation of loyalty was reinforced by disciplinary measures within party groups and, while councillors may seek permission to act against the party line on issues impacting their wards, this permission was not guaranteed.

According to Bottom and Copus (2011), this dynamic created a 'crisis of representation', in which councillors faced conflicting demands from their party and their constituents while Independent councillors were more likely to focus on local representation and community interests. The study suggested that the weaker organisational ties of Independent councillors allow them to be more locally minded and representative, highlighting a key difference in behaviour between party-affiliated and Independent councillors.

The study is underpinned by theories of political behaviour and representation, particularly those exploring the motivations for seeking elected office and the dynamics of party affiliation versus independence. It draws on frameworks such as rational choice theory, which examines the decision-making processes of individuals, and social psychology, which considers the intangible and complex nature of political motivation.

Additionally, the paper incorporates classification schemas for Independent politicians, emphasising the diversity and situational specificity of their roles.

While the Bottom and Copus (2011) approached the influences of party loyalty through a comparison with non-aligned Independent councillors, the findings are consistent with those of Copus (2008) and (2016).

Reporting in the 'The Guardian (Online)', Midlands, (2023) presents an example of the power of central parties in local councils, reporting that Labour's National Executive Committee (NEC) had announced that they were to directly intervene to appoint a new leader, deputy leader and group officers for Birmingham City Council. Midlands (2023) reported that this proposal had sparked anger among local councillors, who viewed it as an overreach by the party's central leadership.

Criticism included concerns about the imposition of leadership changes by Keir Starmer, Labour's national leader, arguing that Birmingham City Council's leaders should be elected locally, not imposed from London. The current council leader defended his leadership, citing his achievements during austerity, the pandemic, and the Commonwealth Games, as well as his recent re-election by the local Labour group.

This reported action by the Labour Party's National Executive Committee demonstrates the power of the central party to intervene directly in a local council.

In summary, these studies present councillors primarily as politicians operating within a political environment with their actions significantly influenced by party allegiances and potentially overridden by party control.

The implications for the oversight role of audit committees are significant. The entrenched party loyalties and the expectation of unified presentation can hinder the effectiveness of audit committees in scrutinising and holding the executive accountable.

2.9.3. Role Complexities

Writing in The Guardian newspaper, Copus (2013) presented councillors' roles as complex and demanding. Copus asserted that, while councillors are central to local democracy, they often face limitations imposed by government, requiring continuous reshaping of their role while managing long-term strategic planning alongside addressing the personal issues of constituents (Copus, 2013).

On its website, The Local Government Association (2025) describes the responsibilities and challenges faced by local councillors in their role of representing their communities and engaging with local government processes. It presents councillors as representatives for their wards, acting as a link between the community and the council, expected to respond to residents' queries, communicate council decisions and advocate for local issues (Local Government Association, 2025).

Research in this area includes 'Revisiting the 21st Century Councillor' (Needham *et al.*, 2025) and (Freeman, 2020).

Needham *et al.* (2025) updated the 2016 University of Birmingham report on the perceptions of councillors regarding their evolving roles (p. 5). The study involved interviews with fifty councillors across twenty-two councils, primarily in the Northwest of England (p. 2). The study identified ten characteristics of effective councillors, categorised into three themes: working with complexity, developing and valuing new ways of working and thriving in the unfamiliar environment (p. 11). The research found contextual challenges for councillors, including deepening perma-austerity, communities in distress, incivility in public life, the rising profile of equality, diversity and inclusion and the shift to remote and hybrid working (pp. 9-11).

The theoretical basis of the study is not explicitly stated but it may be inferred that the study draws on theories related to public administration, governance, and organisational behaviour. The focus on councillors' adaptability and resilience suggests an underlying framework that emphasised the importance of flexibility and innovation in public service roles.

The strengths of Needham *et al.* (2025) include its use of interviews with a diverse group of councillors, providing rich, qualitative data that gives insights into the practical challenges and strategies employed by councillors in exercising their roles. The identification of key characteristics and contextual challenges adds depth to the understanding of councillors' roles and the importance of adaptability in the face of changing circumstances. The focus on councillors in the Northwest of England, however, may restrict the applicability of the results to other regions or countries. The study also does not address councillors' roles in audit committees or the conflicts of interest between party loyalty and independent oversight involved in these governance and accountability roles. This omission may be due to the specific questions asked during the interviews or a low prioritisation of these aspects by the participants or the researchers.

Freeman (2020) discussed the role of local councillors in mediating between various political contexts and the dynamics of meetings in local government, emphasising the complexities and expectations associated with their work. The study used diaries and interviews to explore the role of councillors, focusing on their work in meetings (pp. 566, 567). The research illuminated the centrality of meetings in councillors' work, including informal encounters, formal meetings, and meetings about meetings (p. 564).

The underlying theory of Freeman's study was based on interactionist and neo-institutionalist perspectives (p. 566). It emphasised the importance of understanding the

dynamics of meetings and informal encounters in councillors' roles (p. 564). The theory posits that the routines and processes of meetings must be enacted in practice, conceptualising institutions as processes rather than as static entities, continually made and remade through social conventions and practices (p. 566).

The strengths of Freeman's study include its use of diaries and interviews to capture the real-life activities of councillors and its focus on the practical aspects of their role, particularly meetings. It provides a nuanced understanding of the councillor's role of interaction with institutional processes. The weaknesses include potential biases in self-reported data, as councillors might emphasise certain activities over others and the study's reliance on a small sample size may limit the generalisability of its findings.

2.9.4. Councillors' Roles in Governance

In addition to the roles discussed above, councillors are also agents of governance. Research in this area includes Johnstone *et al.*, (2013), McGarvey and Stewart, (2018) and Bussu, (2015).

Johnstone *et al.* (2013) contributed to the understanding of local councillors' roles in delivering social sustainability outcomes in new communities. The study described the councillor's evolving responsibilities, from representing existing communities to advocating for new residents, emphasising their role in managing relationships with developers and ensuring the timely provision of social infrastructure (pp. 4923–4924). The study identified the importance of councillors' roles in community cohesion, addressing tensions between stakeholders and balancing competing priorities within the framework of sustainable development (pp. 4925–4926).

The study drew on multiple theoretical concepts for understanding the councillor's role in facilitating engagement (p. 4933).

A strength of Johnstone *et al.*'s paper is its use of diverse case studies, including greenfield and regeneration sites, which offer insights into varying contexts and challenges faced by councillors (pp. 4927–4928). The study provided practical recommendations, such as the importance of early community engagement, the use of social media for communication, and the need for councillors to manage expectations effectively (pp. 4933–4934). It also discussed the significance of governance structures, such as parish councils and the role of management companies in shaping community outcomes (pp. 4940–4941). However, the study focusses on the U.K. context, which may limit its applicability to other governance systems (p. 4947) and the reliance on a small sample of councillors and planning officers may also restrict the generalisability of the findings (p. 4929).

In a book section titled, ‘The Role of the Councillor’ in ‘The Routledge Handbook of International Local Government’, McGarvey and Stewart, (2018) explored the role of councillors through an analysis of previous studies. The authors categorised councillor activities into public, council, and party roles, offering insights into how councillors interact with constituents, engage in policymaking, and balance party responsibilities. The study found that councillors view their role predominantly as that of a trustee, relaying and representing the concerns of their constituents as a link between citizens and local government.

The study’s theoretical contribution lies in its understanding of councillors' own perceptions of their roles as trustees, delegates and party advocates and how these orientations influence their behaviour. It also situates councillors within broader debates of decentralisation, federalism and the impact of global and national forces on local governance.

A strength of McGarvey and Stewart's (2018) is its breadth, offering a detailed, cross-national perspective on councillors' roles and responsibilities. It draws on a wide range of literature and empirical studies. A weakness could be the limited focus on non-Western contexts, which restricts the generalisability of its findings. these areas.

Bussu (2015) examined councillors' own understanding of their role in the context of strong mayoral leadership and participatory democracy, using four medium-sized Italian cities as case studies. The study revealed a legitimacy crisis for councillors, who felt sidelined by both the executive and participatory processes, arguing for a rethinking of their role to enhance their steering and scrutiny functions (pp. 841-860).

The paper situated its findings within broader European trends, noting that reforms across Europe have concentrated power in the hands of mayors while diminishing the influence of councils. Councillors, often lay politicians with limited administrative expertise, face challenges in fulfilling their oversight roles, particularly as political parties fail to provide training or support (pp. 843-845).

The paper's theoretical contribution drew on theories of local governance, subsidiarity, and the professionalisation of politics to frame its analysis (pp. 843-844). The study's strengths include its comparative approach, which captured regional variations in Italy and its use of qualitative data from interviews with councillors and mayors, providing rich insights into their perceptions (pp. 846-847). A key weakness is the limited generalisability of findings beyond the Italian context, as the study focused on medium-sized cities with specific socio-political dynamics.

2.9.5. Councillors' Roles in Audit Committees

On its website, The Local Government Association (L.G.A.) states that the role of councillors on audit committees is to seek assurance that the council's financial reporting,

internal controls, governance and risk management are effective and reliable. They are responsible for reviewing these matters in detail, ensuring that the audit committee operates independently and is not influenced by political agendas. According to the L.G.A., councillors on audit committees should be objective, curious, and perceptive and they need to receive proper induction and ongoing training to fulfil their roles effectively. They should work collaboratively with internal and external auditors, management, and other committee members to maintain robust oversight and ensure transparency and accountability within the council (Local Government Association, 2024b)

Gallhofer and Haslam, 1991 added to the demands of councillors' audit committee roles in an analysis of accounting as a socially constructed practice in which they emphasised that the power of accounting information derived not solely from its quantitative precision but also from an intangible 'aura'. This notion of an accounting 'aura' is relevant to audit committees since it could potentially obscure critical judgment and lead to complacency whereby councillors might assume that established accounting practices automatically guarantee quality reporting. The study underlined the importance of having audit committee members with accounting expertise to counterbalance the potentially misleading effects of the 'aura.'

These sources reveal an expected commitment for councillors on audit committees that may not be consistent with the complex demands of their roles in other areas. It may, however, be noted that, as discussed in section 2.3.5, the production and audit of council's financial statements are, at the time of writing, up to three years behind schedule. A councillor with less than four years' experience is unlikely to have been presented with financial statements at the audit committee and a major part of audit committee business will typically be non-financial reports from the internal auditor. It is, nevertheless,

important for councillors to understand their audit committee roles if the audit committee is to function effectively.

2.9.6. Summary of Perceptions of Councillors' Roles

These studies present a perception of councillors' roles as demanding and complex. These complexities are mirrored in their work on audit committees, where they must balance oversight duties with party loyalty and independent judgment. The impact of these political dynamics on audit committee effectiveness could be significant if councillors' loyalty to their party impairs their ability to act independently and challenge their own administration, which is crucial for the audit committee's governance role.

2.10. CHAPTER 2 SUMMARY

This chapter explored audit committees first as the objects of perceptions, structures that establish the rules, resources and conditions of members' actions, finding that, while audit committees are legitimised by reference to governance and accountability, there is a lack of clarity as to the meaning of these concepts and how audit committees contribute to them.

The underlying theory of audit committees is primarily based on principal-agent theory. Particular alternative theories offering explanatory value for the literature review findings are set out in Chapter 3 of this thesis.

This chapter then moved on to examine diverse types of perceptions including views and assessments relating to the effectiveness, legitimacy and challenges of audit committees from the points of view of actors involved in audit committees. The strengths of this perception-based approach lie in the capture of insights into attitudes and behaviours. The weaknesses, particularly the risks of sample or participant biases and the

difficulty of generalising findings across different contexts, are typical for qualitative studies of perceptions based on interviews.

By way of context, the chapter also discussed councillors' roles. The reviewed studies presented a perception of councillors' roles as demanding and complex. These complexities include their work on audit committees, where they are required to suspend party loyalty and exercise independent judgment, potentially creating perceptions of the audit committee as a difficult committee to be on.

The studies included in this literature review have related to various contexts, countries and political systems. They differed in methodologies and included reviews of earlier studies, quantitative and qualitative methodologies, surveys and interviews. The reviewed studies differed in research focus and the time periods in which they were conducted, spanning 38 years from Romzek and Dubnick, (1987) to Needham et al., (2025). There were variations in the specific findings and conclusions of each study, the theoretical frameworks employed, the sample sizes and composition and the perspectives examined. Certain studies had a narrower focus on specific aspects of audit committees (e.g., financial indicators, political connections), while others had a broader focus on governance and accountability.

This study of audit committees and perceptions of them alerts this research to five potential issues:

1. Audit committees exist in most English local councils as presumed components of governance and accountability and have been studied both quantitatively and qualitatively but governance and accountability are capable of multiple interpretations.
2. Actors in the audit committee system have differing perceptions of them.

3. The audit committee's capacity to fulfil its governance and accountability roles depends upon the competence and independence of its members but political factors may also impact on audit committee effectiveness and its members' ability to act impartially.
4. The audit committee is dependent upon other functions particularly internal and external audit and the council within which it operates.
5. These matters are important because local governance, to which audit committees are intended to contribute, can significantly impact the lives of citizens.

These findings are discussed further in section 4.3 of this thesis, 'Philosophical Assumptions.'

This review has found a limited focus on the perceptions of councillors regarding audit committees in existing studies and turned, therefore, to studies relating to other actors' perceptions to glean insights that might inform this research.

The review of prior research has exposed a research gap at three levels. First, there is an empirical gap since studies of the perceptions of audit committees held by councillors, who are responsible in local councils for their operation, are limited and councillors' views remain largely unknown. Second, the paucity of previous empirical research leads to an epistemological gap since the necessary data will most reliably be obtained by eliciting accounts of them from councillors themselves and studies using this source were extremely limited. Third, this review of prior studies exposed a methodological gap in that survey instruments and interview questions were often constructed from the researcher's knowledge gained by experience or study. This has the

potential to limit or condition interviewees' responses to the area of questioning and may fail to uncover areas of importance to the interviewee that were unknown to the researcher.

Meanwhile, the perceptions of councillors, who play a crucial role in ensuring that audit committees function as intended by regulators and the impact of these perceptions on audit committee outcomes for governance and accountability remain largely unexplored and, while the literature review alerts this research to potential matters of relevance, the question remains unanswered:

How do councillors in English local councils perceive audit committees and what are the impacts of those perceptions on the audit committee's contribution to governance and accountability?

The following chapter sets out the theoretical framework that was used in seeking an answer to this question.

CHAPTER 3: THE THEORETICAL FRAMEWORK

3.1. INTRODUCTION

This chapter discusses some theories that may offer explanatory value for the findings of the studies discussed in the literature review and the reasons for the selection of Quadripartite Strong Structuration Theory (Q.S.S.T.) (Stones, 2005) as a prior theory and analytical framework.

3.2. STRUCTURALISM THEORIES

With many variants, structuralism includes the concept that the actions of people and of society in general are determined by larger social structures (Ritzer, 1996 p. 222).

The concept that human behaviour arises from wider structures such as sociological class may explain some of the findings of the literature review. For example, the audit committee membership is drawn from elected councillors. Rules governing who may stand for election at local level are embodied in statute, including the requirement that candidates must either, be registered to vote on the current register of the local council for which they wish to stand or have worked or lived in the council's area for one year. The relevant qualification must be declared on every candidate's nomination papers (Electoral Commission, 2023). It may be reasonable to suppose that the level of education that correlates to the socio-economic status of the geographical area may be present in the general-dispositional-frame of the local councillors from whom the audit committee membership is drawn. Thus, the membership of the audit committee may be determined, at least in part, by the social demography of the council area and councillors' perceptions of audit committees and their consequent actions may be influenced by such social conditioning. In this way, a council area with a high proportion of higher paid professionals may elect a higher proportion of councillors from professional backgrounds

who are able to use their professional expertise to interpret the financial and other data that is presented to the audit committee. By contrast, in a council in an area with high levels of deprivation and low educational attainment, councillors may be elected who represent the low level of education prevalent in the borough. These councillors may encounter greater challenges in understanding and interpreting the reports presented to them than councillors who live in less deprived areas.

While these theories have explanatory value, their emphasis on individuals as the product of their social stratification may not sufficiently allow for an exploration of the link between perceptions and the impact of those perceptions. It would also assume that elected councillors are educated to a similar level to that of the area that they represent, which may not necessarily be the case. Further, educational attainment is closely linked to social factors (Winchester, 2022) and may, therefore, not reflect the ability of individuals but the level of educational opportunity that they experienced.

3.3. PRINCIPAL-AGENT THEORY

As discussed in section 2.3.2., audit committees are based on principal-agent theory. Principal-agent theory asserts that there is a relationship between a principal (such as a central political party or the electorate) and an agent (such as a councillor). In this relationship, the agent is expected to act in the best interests of the principal but there is a risk that the agent may not do so and the agent's account of the resources must, therefore, be verified (Bovens, Goodin and Schillemans, 2016 p.91). Principal-agent theory was the foundation of Auerbach (2021)'s theory of Partisan Accountability, discussed in section 2.8.5 above, which held that central party leaders exerted influence over locally elected mayors who responded by prioritising party interests over accountability to constituents.

Principal-agent theory could be applied to the studies reviewed in chapter 2 of this thesis to explain the relationships between councillors or managers (agents) and their constituents or central party (principals) and how agents prioritised self-interest (political allegiances) above their duties as audit committee members to make impartial assessments.

A limitation of principal-agent theory, however, is that it does not consider other factors such as organisational structures and previous life experience or knowledge which may also be significant influences. Principal-agent theory is often linked to financial management such as between private sector shareholders and company managers. In the complexities of modern local councils, however, accountability lines may be less clear, for example, in limited companies set up by councillors with councillors as the directors.

3.4. RATIONAL CHOICE THEORY

Based on economic theory, rational choice theory contends that individuals and, potentially, groups of individuals make decisions based on a rational calculation of costs and benefits (Lowndes, Marsh and Stoker, 2018 pp.42, 43).

According to this theory, councillors may prioritise their party allegiance for the perceived benefits of maintaining a strong party affiliation if they believe that aligning with their party's interests will lead to a greater likelihood of being reselected to stand at the next election or to advance their political careers. As a result, councillors may feel constrained in challenging their party's administration in audit committees.

This theory could explain the findings of Copus (2008), Bottom and Reiser (2014), Copus (2016) and Auerbach (2021), discussed in chapter two of this thesis, in which elected representatives found themselves in a position of conflict between their duties as elected officials and their partisan loyalties.

Rational choice theory would assert that councillors will weigh the costs and benefits of challenging their political leadership. If the potential costs, such as strained relationships or negative consequences for their political careers outweigh the personal benefits of exercising their audit committee roles, councillors may choose to prioritise party loyalty over their audit committee responsibilities.

The application of rational choice theory to the report of (Grant Thornton UK LLP, 2022) reviewed in chapter two of this thesis would suggest that councillors may have voted along party lines in audit committees because they believed it would serve their own self-interests, anticipating that supporting their party's position would benefit their political careers. This could lead to a lack of independence and objectivity within the audit committee, as councillors prioritised their own political gains over the committee's governance and accountability roles.

From a rational choice perspective, the limited research on councillors' perceptions of audit committees might be attributable to the perceived costs and benefits of conducting such studies if the benefits, such as advancing knowledge and understanding of councillor behaviour, were perceived to be outweighed by the costs of time, resources and low prioritisation of audit committees in the hierarchy of concerns.

A potential weakness of rational choice theory is the assumption individuals are rational decision-makers, which may not always align with the complexities of human behaviour. Further, its underlying assumption against altruistic motivations may be questioned.

3.5. GROUPTHINK THEORY

Groupthink, originally a theory relating to psychology, refers to the tendency of individuals within a group to conform to the group's consensus and avoid dissenting opinions or critical thinking with consequent impairment of decision-making (Janis, 1972).

Groupthink theory could explain the findings of Grant Thornton UK LLP (2022) and Redmond (2020) discussed in chapter two, which raised concerns about the partisan nature of some audit committees and the lack of independence in decision-making. According to Group Think Theory, councillors who are members of the controlling group may vote along party lines, rather than according to an impartial assessment, to maintain political unity because the party group prioritises consensus and harmony over critical thinking and independent decision-making.

Applying groupthink theory to the studies discussed in the literature review, would suggest that strong party cultures of presenting an image of unity caused councillors to feel pressurised to conform to the party line and avoid challenging their political leadership leading to a reluctance to engage with audit committees which require independence and challenge, particularly where audit committees were dominated by members from the controlling party (Copus, 2008) (Copus 2016), resulting in a lack of commitment to effective governance and a failure to hold the administration accountable.

Groupthink may, however, have benefits. In an experimental study of groupthink theory conducted by Leana, (1985), group cohesiveness was found to have positive rather than negative effects, particularly on information gathering and problem solving (Leana, 1985 p.15) which could be helpful to some audit committee functions.

3.6. STRUCTURATION THEORY

Giddens' structuration theory originated from an attempted synthesis of objectivism and subjectivism, both of which Giddens described as 'empire-building endeavours' (Giddens, 1984, p. 2). Giddens conceptualised society as structures and individuals as agents (Giddens, 1984, p. 162). The core of structuration theory is the concept of duality of structure and agency. In structuration theory, structures refer to the rules, norms and resources that exist within a social group or organisation, while agency refers to the capacity of individuals to act and make choices within those structures. In the concept of duality, structures may enable or limit the actor's agency but individuals are active participants who can influence and shape those structures such that the structures, in the form of rules and resources, are both the medium and the outcome of the practices of the agent (Giddens, 1984, pp. 176-177). Structuration theorised that the structures of rules and resources as they are understood by the agent trigger passive conduct or purposive action which impacts on the structure through which the agent acted. In this way, agents and structures influence and shape each other (Stones, 2005, pp. 5, 25).

Described by Craib (1992, p. 20) as 'Linguistic Philosophy', structuration theory maybe exemplified through linguistics in which the rules (structures) of language are internalised by the agent who draws on them intuitively and in doing so, reproduces the language in his or her speech or, choosing to introduce new terminology, modifies the language (Mouzelis, 1991, p. 26) and hermeneutics combines with structure as the core of structuration theory (Stones, 2005, p. 5).

There is extensive criticism of structuration theory and its proposition of duality including Archer, (1982), (2020), Craib, (1992), Mouzelis (1991) (2000) and Stones (2005).

Archer, (1982) refuted Giddens's structuration theory, dismissing the concept of duality in favour of general systems theory (G.S.T.), which combines systems theories by identifying common patterns (Skyttner, 1996, p. 16). Archer argued the case for morphogenesis, a form of evolution whereby agent-structure interactions result in modifications to structure and outcomes (Ritzer, 1996, p. 533).

Stones, (2005, p. 59) rejected Archer's argument, describing them as 'a mixture of truths and inaccuracies' that misrepresent structuration theory (Stones, 2005, p. 54).

Craib (1992) compiled a lengthy critique of structuration theory, concluding that structuration is part of a movement toward fragmentation, relativism, over-simplification and moral disengagement, asserting that structuration contradicts the holistic approaches of modern philosophy. Craib concluded, however, that structuration theory nevertheless occupies a major position within sociology (Craib, 1992, p. 196).

Mouzelis, (2000, pp. 748-749) took a position of synthesis contending that there are degrees of separation between duality and dualism depending on the context of action. This position is consistent with the philosophical assumption of this research that councillors' perceptions of audit committees are individually constructed and the concept of degrees of separation of structure and agency permits different contributors to the research to hold different perspectives and for individuals to act differently on various occasions according to the specific context within which they are situated agents.

While being critical of structuration theory for its level of abstraction and the absence of a clear progression from 'ontology in general' to 'ontology in-situ' (Stones, 2005 pp 7-8), Stones (2005) attempted to address these and other criticisms of structuration, in the form of Quadripartite Strong Structuration Theory.

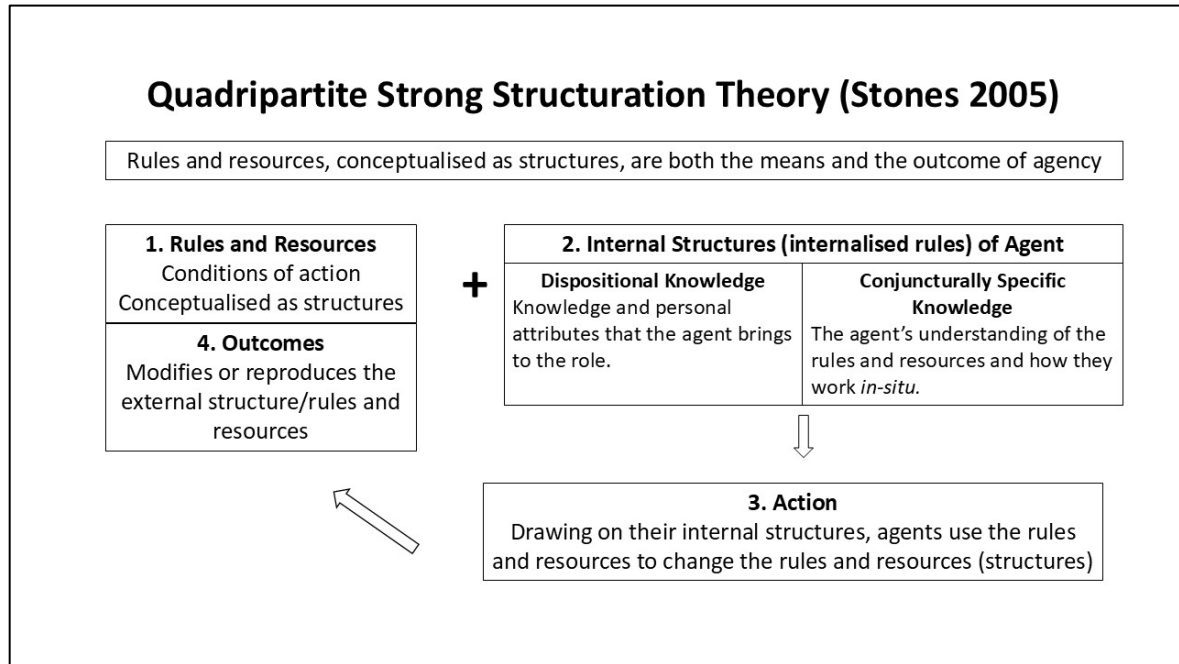
3.7. QUADRIPARTITE STRONG STRUCTURATION THEORY (Q.S.S.T.)

Stones' Strong Structuration Theory (Stones, 2005) explains the findings of the literature review in so far as it provides a framework for understanding how council audit committees and the councillors who sit on them interact and shape each other.

The core concept of Q.S.S.T. is structuration, that the structure is both the means of agency and its outcome through agents' perceptions which drive action and result in the modification or reproduction of the structure. Q.S.S.T. would explain the findings of the literature review in that councillors' perceptions of the external structures shape their attitudes and behaviours in relation to audit committees.

Applied to this research, Q.S.S.T. offers a framework for the study of the perceptions of participants from their perceptions of the audit committee to the action to which those perceptions give rise and through to impacts on audit committee effectiveness in its governance and accountability roles. This is shown diagrammatically in figure 1 below.

Figure 1: Quadripartite Strong Structuration Theory Derived from Stones (2005)



Quadripartite Strong Structuration Theory (Q.S.S.T.) is based on Giddens' concepts of structuration and duality of structure, developing the theory in response to criticism and for application at an empirical level. Q.S.S.T. breaks the concept of duality into four analytical components: external structures; the agent's internal structures; active agency; outcomes.

In Q.S.S.T., Stones (2005) defines external structures as the external circumstances that enable or constrain an individual's ability to act. These structures encompass the rules, access to resources and power relationships that an individual perceives to be unchangeable. For example, in the case of audit committees, its powers are enabled and constrained by the statutory framework. Stones (2005) refers to the network of interdependencies formed by the external structures as 'position-practices', asserting that these external structures exist regardless of the agent's awareness of their existence and form the conditions of action of the agent (Stones, 2005, p. 84).

In the second quarter of the theory, Stones (2005) contends that an agent's internal structures consist of two analytical components: their general-dispositional-framework and their knowledge of the external structures. The general-dispositional-framework encompasses the skills, personality traits and worldview that an individual possesses and brings to the role. The second component of internal structure relates to the agent's conjuncturally-specific understanding of the external structures, encompassing the regulations, resources, circumstances of action, awareness of the positional authorities and the normative assumptions associated with the agent's role. The emphasis in this quarter of the theory is on the agent's perception and understanding of these structures regardless of the accuracy or correctness of those perceptions (Stones, 2005, pp. 87-94).

The third quarter of the theory is the agent's active agency, his or her practices. It embodies how the agent draws on his or her internal structures routinely, strategically or critically (Stones, 2005, p. 85).

The fourth quarter of the quadripartite theory relates to outcomes, principally for external structures but also including success or failure in events (Stones, 2005, p. 85).

Tracing an action through the quadripartite framework, an action may begin with the perception of a structure. That perception may be true or false but it is that individual's perception and they may act upon it. The action may occur spontaneously or be the subject of much thought as the agent draws on his or her conjuncturally specific knowledge of the structures (rules, resources and conditions of action) and positional power relationships of himself or herself and others. The action will have an outcome of success or failure in implementing the agent's intention. In Q.S.S.T. the implication is that a successful outcome is dependent upon the agent's knowledge and disposition and, conversely,

unintended consequences are the result of a lack of knowledge or of not adequately drawing upon it (Stones, 2005, p. 78).

Q.S.S.T.'s conjunction of agents' hermeneutics with structural 'diagnosis' (Stones, 2005, p. 117) and its emphasis on how agents in focus perceive their 'external terrain' (Stones, 2005, p. 124) as distinct from how the researcher views it, are consistent with the phenomenological approach of this study and with the research objective of elucidating councillors' perceptions of audit committees and the implications of those perceptions for the governance role of the committee. It is submitted that Q.S.S.T., with its emphasis on agents' perceptions, provides coherence between the research objective and the philosophical, theoretical and methodological aspects of the study.

The theory of strong structuration was used in this research as a prior theory because of its applicability to the focus of the study to reduce the insecurity of pure induction (Makrygiannakis and Jack, 2018, p. 75) and providing a structure within which the results could be interpreted (Bryman, 2008, p. 13). Acknowledging that other theories were also relevant and of explanatory value, Makrygiannakis and Jack, (2018, p. 70) asserted the appropriateness of strong structuration theory to interpretative research in accounting-related studies. It is submitted that audit committees are a related function, receiving reports and information that inform decisions and enables them to carry out their governance role. Thus, the application of this theory in this research constitutes a further exploration as to whether Q.S.S.T. may reasonably be applied in the particular case of councillors and audit committees.

Coad, Jack and Kholeif, 2016, p. 1140) warned against a static use of the quadripartite framework and this research aimed, not merely to classify data into

theoretical dimensions but to focus on the interrelationships between structure, perceptions of structures and active agency (Coad, Jack and Kholeif, 2016, p. 1143).

3.8. MUTIGANDA AND JÄRVINEN, (2021): POLITICAL ACCOUNTABILITY AND Q.S.S.T.

The application of Quadripartite Strong Structuration Theory in UK local government has been limited and no studies were found that use Q.S.S.T. to illuminate English local council audit committees as structures or councillors' perceptions of audit committees and the consequent behaviours and impacts on the audit committee and its governance role. It has, however, been used by Mutiganda and Järvinen, (2021) in a study of political accountability in a tendering process for elderly care.

Mutiganda and Järvinen, (2021) examined political accountability using quadripartite strong structuration theory (Q.S.S.T.) focussing on decisions in 2007-2008 and 2012-2013 to implement a competitive tendering process for elderly care services. The study aimed to provide an understanding of the political accountability involved in those procedures. The data collection methods included document analysis, interviews with key politicians and public officials, meeting observations and analysis of internal documents and media articles.

Mutiganda and Järvinen, (2021) used the Q.S.S.T. quadripartite framework to explore how changes in external structures impacted political accountability and uncovering the mechanisms through which political accountability was shaped and redefined.

The example of Mutiganda and Järvinen (2021) contributes to this study by demonstrating the application of Quadripartite Strong Structuration Theory (Q.S.S.T.) to a local government context. Focussed on political accountability in the tendering process for

elderly care services, the authors used Q.S.S.T. to explore how changes in external structure of the tendering process impacted political accountability.

Their study informs the current research by illustrating that Q.S.S.T., in addition to providing a theoretical viewpoint, may also be used as an analytical framework to examine the relationships between external and internal structures, agency, and political accountability.

3.9. REASONS FOR USING Q.S.S.T. IN THIS STUDY

Through its concept of internal structures as agents' perceptions of their context, the quadripartite framework of Q.S.S.T. provides a basis for exploring councillors' perceptions in the context of audit committees. Q.S.S.T. directly links perceptions to actions and outcomes, providing a potential explanation of how councillors' perceptions of audit committees impact outcomes for governance and accountability.

Accepting that other theories also hold explanatory value for the findings of the literature review, ultimately, the reason for the adoption of Q.S.S.T. for the purpose of this research was its appeal as a relatively new theory offering the enticement of a new means of exploring new territory, that of councillors' perceptions of audit committees and the impact of those perceptions on the audit committee's governance and accountability roles.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

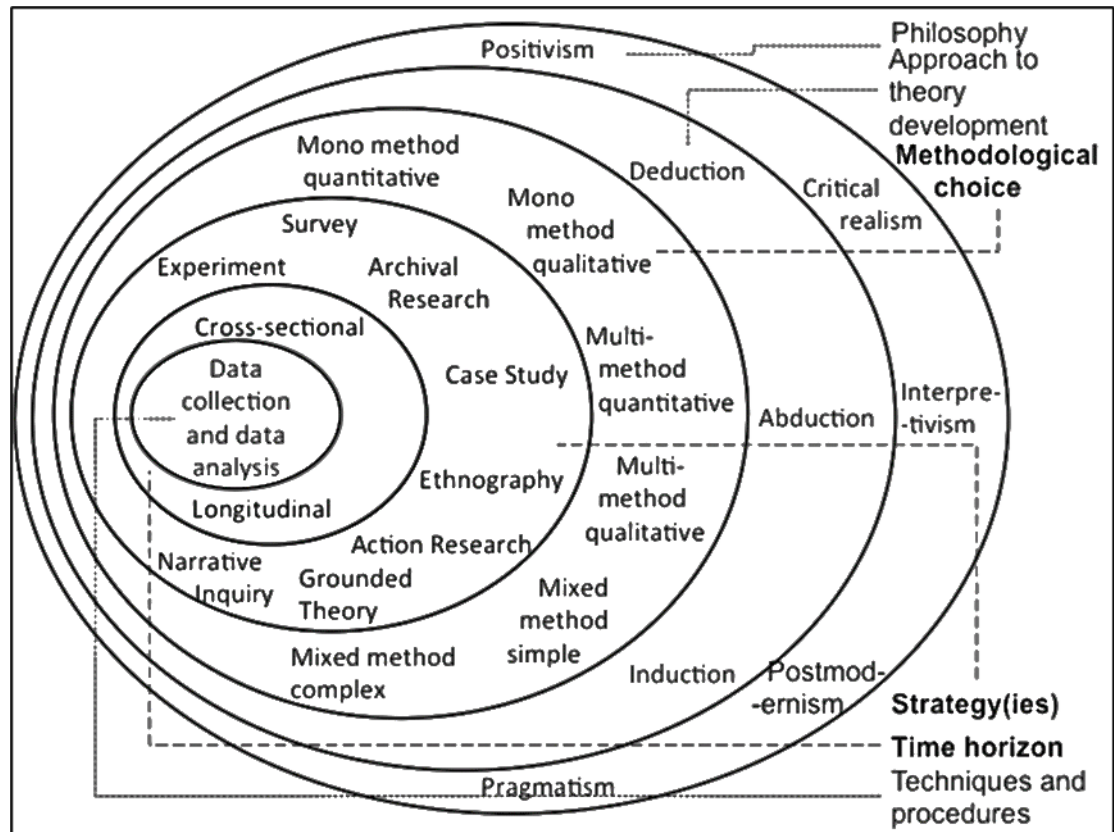
4.1. INTRODUCTION

Chapter 2 identified a research gap in relation to councillors' perceptions of audit committees identifying empirical, epistemological and methodological gaps. Underpinned by the Saunders' 'Research Onion' framework (Saunders *et al.*, 2016), this chapter sets out how these gaps were addressed in this research and the philosophical assumptions, prior theory, methods, techniques and interpretation through which these data were obtained and the research question answered.

4.2. SAUNDERS' 'RESEARCH ONION' FRAMEWORK

The 'Saunders' Research Onion' design framework likens coherency in research design to the layers of an onion (Saunders *et al.*, 2016, p. 124). To ensure coherence, the Saunders' framework was used to underpin the design of this study. The model, shown as Figure 2 below, represents the stages of research design as the layers of an onion moving from the outmost layer of philosophical assumptions through consecutive 'layers' of approaches, strategy, time horizon to techniques and procedures at the core of the 'onion' model.

Figure 2: 'Saunders' Research Onion' (Saunders et al., 2016, p. 167).



There are limited references that specifically raise the limitations of Saunders' 'research onion' framework save for a comment by Melnikovas, (2018) in his use of the research onion for his work on Futures Studies that the 'research onion' was developed for use in business studies and may need adaptation for use in other areas of research (Melnikovas, 2018 p.34). In the seeming dearth of evaluations of the 'research onion' as a research design model, it is suggested that a limitation may be that the use of a framework risks the adoption of a compliance approach that may constrain independent thinking. Further, the 'research onion' concept in Saunders' writing can be traced to 1996 (Saunders, Thornhill and Lewis, 1996), prior to the current attention paid to ethical considerations, included in this methodology chapter as section 4.8. and the positionality of the researcher, which is presented in the introduction to this thesis.

Despite these limitations, the ‘research onion’ framework, developed by Saunders, was adopted as the underlying design model for this research in order to provide a comprehensive, structured and systematic underpinning to this research ensuring that all relevant aspects are considered and to ensure consistency between the research objective, philosophy, theoretical approach, data collection methods and analysis techniques in order to enhance the quality and validity of this research. It is submitted that the concept of each outer ‘layer’ encapsulating each ‘inner layer’ expresses the integration of the components of the research more effectively than a linear model which might suggest that the research design moves on from one aspect to another sequentially whereas, in Saunders’ ‘research onion’ concept, an awareness of the interconnectedness of the research ‘layers’ is embodied in the research design.

4.3. PHILOSOPHICAL ASSUMPTIONS

The outmost layer of Saunders’ research onion represents the philosophical approach to research. This section sets out the philosophical assumptions upon which this research is based. These philosophical assumptions are made, derived from section 2.9.2 of the literature review.

1. Audit committees are social objects that can be studied both objectively and subjectively.
2. Perceptions of audit committees held by actors in the audit committee system differ and may be studied separately from audit committees.
3. The audit committee has the properties of its membership and is competent and independent only to the extent that its members possess those qualities.

4. The existence of the audit committee and the nature of that existence is dependent upon other social objects within a network of interdependencies, including but not limited to, internal and external audit and the council within which it functions.
5. To the extent that ineffective audit committees in English local councils may contribute to governance failures, a factor in the significance of this research lies in its ultimate influence on the real lives of real people.

4.3.1. Audit Committees as Social Objects

The literature review found both objective quantitative and subjective qualitative studies of audit committees from which it is concluded that audit committees exist as social objects that may be studied both objectively and subjectively. This view of audit committees is consistent with much philosophical literature.

Bryman (2008) defined ontology as theories of the nature of social bodies (Bryman, 2008, p. 696) while Saunders *et al.*, (2016) defined it as assumptions about the nature of reality (Saunders *et al.*, 2016 p. 127).

Saunders *et al.*, (2016) classified social ontology into objectivism and subjectivism, referring to objectivism as belief in one true external reality and subjectivism as socially constructed realities which, they stated, is also known as relativism (Saunders *et al.*, 2016 p. 129). Bryman, (2008) identified constructivism as synonymous with constructionism, arguing that social phenomena are constantly revised by actors (Bryman, 2008, pp. 16-19) while Porta and Keating, (2008), presented realism and idealism as a continuum ranging from objectivity to humanistic and spiritual positions (Porta and Keating, (2008 p. 23) although, according to Grix (2002), variants of each position gave rise to a variety of terms and the way in which they are used (Grix, 2002, p. 175).

In considering whether audit committees are natural objects that would exist if the human species had not thought of them or if the only ‘real’ object is the human observer and the meaning that he or she attaches to it (Porta and Keating, 2008, p. 22), the reduction of audit committees to physical explanations seems implausible, at least until such time as social objects may be reduced to biological brain activity (Tollefsen, 2014, p. 89). The assumptions of this research align to Rosenberg’s view that human beings are ‘fiercely complicated systems’ that need more than natural science to understand them (Rosenberg, 2016, p. 19) and, since the possibility of audit committees being material objects that may be discovered through the natural sciences is dismissed but their existence remains, a social ontology is assumed. It is, therefore, assumed that audit committees are constructions of the collective social mind in that they are not physical objects and would not exist if human beings had not conceived them (Searle, 1996, pp. 11,12).

In chapter 2, the literature review established, however, that while audit committees are socially constructed, perceptions of audit committees are also individually constructed phenomena and that multiple perceptions of audit committees exist which may be contradictory, such as in the perception gap between regulators and actors *in-situ* and as found in the studies reviewed. This research is based on that assumption that councillors’ perceptions of audit committees are individually constructed phenomena and, therefore, experienced differently for each participant.

4.3.2. The Phenomenological Assumption

This thesis is a study of councillors’ individual, subjective perceptions of audit committees, rather than of audit committees themselves, based on the phenomenological assumption that perceptions of an object may be studied separately from the object itself.

Zahavi (2019) asserted that phenomenology is now one of the dominant traditions in modern philosophy (Zahavi, 2019, p. 1). Phenomenology originated from Husserl's differentiation between an object or phenomenon (*noema*) and a person's experience of it (*noesis*), contending that phenomena are subjective experiences and perceptions while objects exist irrespective of whether an individual is aware of them (Weeks, 2019, p. 118).

In the context of this research, a council audit committee exists if the council's constitution requires it whether or not individuals are aware of its existence or its members appointed and the phenomenological assumption distinguishes between the audit committee and councillors' perceptions of it.

Phenomenology assists the study of councillors' perceptions of audit committees and the resultant impacts on governance and accountability in three ways:

First, the distinction between the object, *noema* and the experience of the object, *noesis* highlights that a councillor's view of his or her audit committee may be erroneous, unfair or heavily influenced by previous positive or negative experiences of audit committees, possibly in another sector. It is, however, that individual's reality and this research accepts it as such.

Second, phenomenology assists in understanding that a perception may or, may not, be a participant's permanent view. His or her perceptions may change through training or becoming aware of events in other councils or by personal reflection but it is, nevertheless, his or her view at that moment situated in the specific time of the interview, the moment when the perception was captured by the researcher.

Third, understanding the difference between the object and perceptions of it becomes important when a correct or incorrect perception of the object triggers agency. A councillor perceiving that audit committee members do not understand audit reports may

act upon that perception by organising training. The councillor's perception that other members do not understand may or may not be correct but a councillor may exercise his or agency to correct the perceived deficiency in the committee's competence. Agency driven by a perception may have important outcomes for the audit committee, for example, an audit committee chair perceived to have been appointed on a political basis, may be replaced by a coopted independent member, making the audit committee more independent and increasing collective expertise with improved outcomes for the committee's governance and accountability roles with further impacts on the realities of residents.

4.3.3. The Audit Committee and its Membership

The literature review indicated that the audit committee has the properties of its membership, that the degree of competence and independence of the audit committee is the collective level of competence and independence possessed by its members and that while audit committees exist regardless of changes in its membership, its properties change according to the properties of its members particularly in relation to its level of expertise.

Bryman, (2008), presented an ontological perspective that social objects exist independently from social actors, giving the example of a company that may be viewed as a tangible object, with its own management hierarchies, rules and procedures and that exists independently of those whom it employs (Bryman, 2008, p. 18). A similar argument may be made in the context of audit committees, which exist in the council's constitution independently of who sits on them. Its membership changes with the constantly changing priorities of the local political group but the audit committee may exist in a council's constitution whether or not anyone is appointed to it. Political groups must find members to sit on it because it exists under the constitution of the council and the spaces must be filled for the council to fulfil its governance obligations.

Paradoxically, the audit committee does not exist without a membership. Audit committee members need to act collectively in order to assert positional power and carry out audit committee functions. For the audit committee to act or abstain from action requires its members to act or abstain from action. The practices of its members determine the nature of the committee. For example, where the practice is for audit committee members repeatedly to use its business for political purposes, the audit committee becomes a vehicle for political purposes. Where the practice of its members is repeatedly subject to the dominance of officers, the audit committee is subject to the dominance of officers.

Accordingly, while the audit committee exists as an organisational concept contained in the words of a council constitution, it also exists as its membership with the properties of those members as they exist at any moment in time and possessing powers that accrue to its members acting collectively but that do not apply to its members when they act individually. For example, the audit committee has the power to call in officers for questioning but those same members, acting as individuals, do not.

This discussion contributes to this research an understanding that the audit committee is not a static social object. Due to the election cycle, there tends to be frequent changes of audit committee membership but the properties of the audit committee will be the properties of its membership at any moment in time and, where the audit committee has members who are competent in exercising its governance role, the audit committee will possess that competence but with uncertainty as to its continuance through the changes brought about by the election cycle.

4.3.4. Interdependencies

Searle (1996) asserted that social objects are dependent upon other social structures for their existence (Searle, 1996, p. 2) and the literature review identified some of the key

interdependencies of local council audit committees, including the existence of a local council, internal and external audit structures and varying concepts of governance, accountability and political structures and concepts. The phenomenological position emphasises the relational nature of being in the world in which individuals are inseparable from their contexts, emphasising the importance of understanding their unique, individual perspectives (Smith *et al.*, 2009, pp. 16-21).

Applying this philosophy to this study, audit committees exist as subcommittees of Full Council, the meeting of all a council's elected members. Without the existence of a council, there can be no council audit committee. The core business of the audit committee is the exercise of its governance role, receiving relevant reports, predominantly from internal and external audit and ensuring that governance related processes and controls are in place and functioning. Without the objects of audit and governance, audit committees, as they are currently conceived, would not exist as functioning objects.

4.3.5. Shaping the reality of others

A factor in the meaningfulness of this research is the potential impact on the real lives of real people when audit committee ineffectiveness contributes to wider governance failure.

Building on the work of Morgan, (1988) and his philosophical analyses in the field of management accounting, it is argued that audit committees exist, not only as social constructs in themselves but also, through their positional power, as generators of subjective experiences of individuals who are subject to its authority.

As discussed in the literature review, Woolgar and Neyland, (2013) employed applications from daily life to illustrate governance as the creator of multiple subjective experiences, highlighting the influence of institutional governance on the lived experiences

of individuals in their day-to-day lives (Woolgar and Neyland, 2013, p. 22). Their observations are here applied to audit committees which, with the positional power of their governance role may, for example, require council service directors and managers to take actions or answer for previous action or non-action. Since audit committees are, by statute, public meetings, the embarrassment factor of a negative report may have a powerful effect on the reality of those who are the subjects of the report or upon the controlling administration. Audit committees also create reality for those who are members of it through demands for time, attention to meeting papers and the potentially difficult scenario of having to choose between loyalty to the members' political party group and active engagement with the governance role of audit committees.

The governance and accountability roles of audit committees may influence decision-making with impacts on the subjective realities of a wide range of subjects. Perhaps most significantly, a council audit committee that fails to report failings in financial governance may, ultimately, be a contributory factor in the issuance of section 114 notices resulting in significantly increased council taxes and reductions in services to residents, reshaping their realities often with negative consequences.

4.3.6. Epistemological Assumptions

The literature review identified an epistemological gap in that there was very limited evidence of the views of councillors on local council audit committees being specifically sought.

Saunders *et al.*, (2016) stated that epistemology is a philosophical discipline that examines assumptions regarding knowledge, the criteria for determining legitimate knowledge and the methods by which knowledge can be communicated among individuals (Saunders *et al.*, 2016 p. 716). Literature indicates two primary epistemological stances.

First, rationalism, which asserts that knowledge is acquired through logical reasoning and second, empiricism, which contends that knowledge is obtained through direct experience (Markie and Folescu, 2004, p. 1). Delanty and Strydom (2003) argued that the ‘philosophy of science’ should not be viewed exclusively from a rationalist viewpoint but should also be examined from the perspective of social and human sciences (Delanty and Strydom, 2003, p. 8) while according to Bernard (2018), in the context of anthropology, both rationalism and empiricism have played significant roles in comprehending human behaviour (Bernard, 2018, p. 4).

Morgan (1988) illustrated a rationalist approach at the level of specific cases, employing logical reasoning to propose a philosophical stance on accounting practice. Using the metaphor of an artist's portrayal of an object, Morgan (1988) observed that an artwork created by an artist may not be presented in a strictly realistic image but may exaggerate or obscure visual elements in order convey meaning. Morgan (1988) compared such artistic interpretation to the work of accountants, who, in their professional capacity, believe that they generate positivist, objective and value-neutral information. Morgan argued, however, that compliance with accounting standards causes the accountants to present a particular view which may not be the only possible view but which will, nevertheless, construct reality for those affected by decisions based upon it (Morgan, 1988 p. 477).

Musmini *et al.* (2019), argued that rational and empirical approaches are not mutually exclusive. The rational approach involves the compilation of knowledge that is both consistent and cumulative, allowing for empirical testing of its authenticity (Musmini *et al.*, 2019, p. 417).

Porta and Keating (2008) portrayed the concept of empirical epistemologies as a continuum aligned to ontological positioning. At one end, the positivist epistemology aims to uncover observable knowledge by employing deductive reasoning and objective quantitative methods and, on the opposite end, the humanistic and spiritual perspectives consider objective knowledge to be unattainable and instead emphasise subjective knowledge (Porta and Keating, 2008, p. 23).

The epistemological position adopted for this study of councillors' perceptions of audit committees and the action to which those perceptions give rise was that the necessary data are most reliably obtained by eliciting accounts of them from councillors themselves, the particular people in their particular contexts upon whom the study focused.

4.4. THE THEORETICAL APPROACH

The second layer of the Saunders' framework relates to the theoretical approach. This research took an inductive approach, selected for its consistency with phenomenological exploration that does not aim to prove causality but to illuminate an under-researched area (Saunders *et al.*, 2016, p. 145).

With its origins in psychology, Q.S.S.T. is essentially a phenomenologically based theory with an emphasis on the subjective experiences of participants which is consistent with the aims of this research. As set out in section 3.9 above, however, Quadripartite Strong Structuration Theory (Q.S.S.T.) was selected due to its appeal as a relatively new theory and used as a prior theory to reduce the uncertainty of a purely inductive approach. This study also used the quadripartite theoretical framework as the analytical framework for the data analysis and as the lens through which the findings were interpreted.

4.5. METHODOLOGICAL CHOICES

The literature review identified a methodological gap aligned to the epistemological gap of very limited research into councillors' perceptions of audit committees and that these perceptions could only be known reliably through a qualitative methodology with minimum researcher presumption of councillors' thoughts and maximum opportunity for participants to raise the matters that were of importance to them.

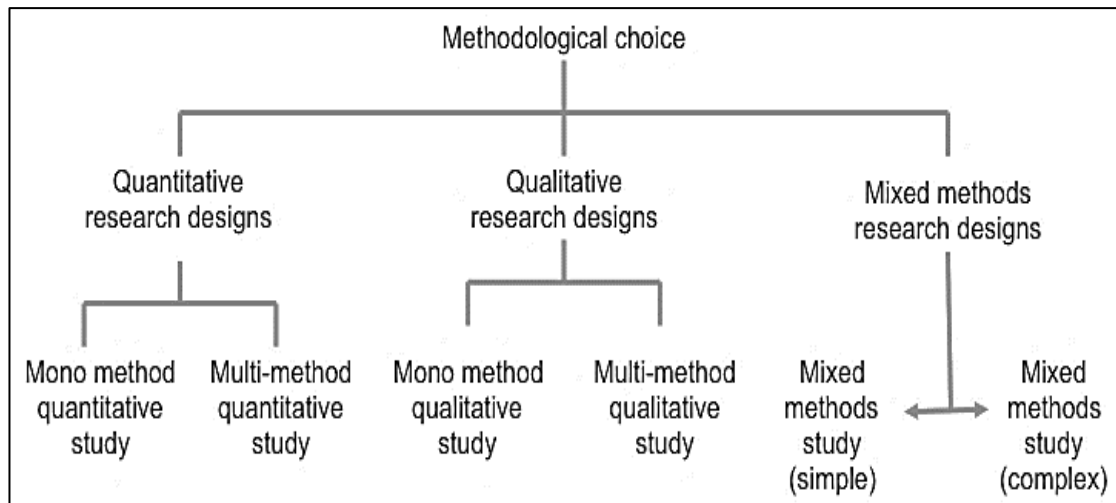
Within the phenomenological approach there are methodological choices. Epistemologically, in order to answer the research question, 'What are local Councillors' perceptions and views of audit committees in English local councils?' the core data needed were expressions of those perceptions and views from the agents-in-focus.

Rosenberg (2016) identified a 'methodological divide' in social research between positivist approaches adopted from the natural sciences and interpretative methodologies often used in social research to elicit subjective meaning (Rosenberg, 2016, pp. 11-34).

Contrary to the concept of Rosenberg (2016)'s 'methodological divide', however, Porta and Keating (2008) aligned ontological, epistemological and methodological approaches to social research along a continuum, ranging from realist, positivist approaches using scientific and statistical methods to humanistic, spiritual approaches that use qualitative methods to understand the subjective meanings of individuals (Porta and Keating, 2008 p. 23).

Saunders *et al.*, (2016) set out methodological choices for quantitative designs using single or multiple methods, qualitative designs also using single or multiple methods and mixed methods designs which they subdivided into simple and complex studies. These choices are shown diagrammatically in figure 3 below.

Figure 3: Methodological Choice (Saunders et al., 2016, p. 167)



4.5.1. Qualitative vs. Quantitative Methodologies

Existing research on audit committees has utilised both quantitative and qualitative methodologies. Two examples are offered in this section.

In research conducted by Asiriuwa *et al.*, (2018), the authors employed a positivist, quantitative approach to examine the relationship between specific audit committee attributes and audit quality. Asiriuwa *et al.* (2018) relied on secondary sources, theoretical deduction and statistical analysis to infer and forecast the impact of those audit committee attributes on audit quality.

By contrast, as described in section 2.4.2, Ghafran and O'Sullivan (2013) employed a qualitative research approach to examine the governance function of audit committees. Ghafran and O'Sullivan (2013) used existing empirical research and analysed the data contained in the reports thematically, refraining from asserting causality, generalisability or predictive value in their work but, instead, proposing likely patterns.

The advantage of a quantitative design for this research would have been that it may be used to establish generalisable, predictive social theory to a known confidence level (Patton, 2015, p. 14). Quantitative methodology requires the development of

falsifiable hypotheses that can be expressed numerically to establish causal connections between variables selected by the researcher (Agresti, 2018, p. 151), (Bryman, 2008, p. 31). Without disputing the important place of quantitative methodology, its disadvantage in this specific research was that the hypotheses would have been developed from the researcher's knowledge, experience, literature search or study of prior research, that is, from what was already known, at least in part, by some means to the researcher. This is not, in the researcher's view, consistent with the exploratory nature of this study nor the phenomenological principle of an open mind. Further, while quantitative surveys may offer the opportunity for respondents to make additional comments, it is submitted that the questions preceding the request for comments could condition the respondent to a form of thinking that does not encourage original thought and reflection on the part of the respondent. It is, therefore, argued that a quantitative methodology would have been less likely to produce the new concepts and insights that this study sought.

While a qualitative methodology does not produce the predictive outputs of quantitative methodology, it is capable of producing detailed, in-depth understanding of individual case examples (Patton, 2015, p. 14). Qualitative methodology's association with interpretivist and phenomenological philosophies (Saunders *et al.*, 2016, p. 568) is consistent with the research aim of this study which sought to elicit councillors' perceptions of and views on audit committees.

The third methodological choice described by Saunders *et al.*, (2016) is a mixed method approach that combines both quantitative and qualitative methodologies. The aim of this research is, however, to elicit new insights into the perceptions of councillors regarding audit committees rather than to quantitatively measure those perceptions.

Despite its limitations, a qualitative methodology associated with the phenomenological position and the subjective assumptions of Q.S.S.T. was deemed to be the optimum methodology for eliciting the data required for answering the research question and was, therefore, adopted for this study.

4.5.2. Managing *Epoché* and Eidetic reduction

Epoché and eidetic reduction were core principles of Husserl's phenomenology. Since this research claims a phenomenological approach, this section addresses how epoché and eidetic reduction were approached in the research methodology.

Husserl's *epoché* is the setting aside of prior assumptions, particularly those relating to the natural world, in order to achieve a clear view of the phenomenon or object. 'Eidetic reduction' is the systematic reduction of the phenomenon to a single universal essence through reflection and introspection (Sanders, 1982, pp. 354-356). Zahavi (2019) suggested, however, that modern phenomenology has largely abandoned the Husserlian concepts of *epoché* and eidetic reduction (Zahavi, 2019, p. 2).

For the purpose of this research, it was accepted that complete epoché, the suspension of all prior knowledge and assumptions, may be impossible (Dibley *et al.*, 2020, p. 3315) and that, while these methods have philosophical significance, they are not instructions for empirical research (Zahavi, 2021, p. 259).

This study, therefore, replaces epoché with professional standards of impartiality and eidetic reduction with data analysis guided by a theoretical analytical framework and refined through established thematic analysis techniques, with an attempt to mitigate any unintentional biases by giving precedence to participants' own words in reporting the interview results (Jackson *et al.*, 2018, pp. 3309, 3315).

As discussed in chapter two, this approach had implications for the timing of the detailed literature review. Gioia, *et al.* (2013) advocated deferring the literature search until after initial stages of analysis in order to minimise the risk of confirmation bias, arguing for a balanced approach, a 'willing suspension of belief,' allowing for discovery without ignorance (Gioia *et al.*, 2013, p. 21). This study integrated these principles such that a part of the literature review was conducted after the initial analysis in order to inform and contextualise the perceptions revealed in the interview analysis.

4.5.3. Qualitative Mono-Method: Minimally Structured Interviews

Data collection for this research was through lightly-structured interviews, based on the model proposed by Makrygiannakis and Jack (2018, pp. 75-76) with 24 councillors who were or had recently been, audit committee members to elicit their perceptions and experiences of audit committees. This section sets out the reasons for the choices of interview structure and style.

The primary objective of the researcher was to encourage the conversation to spontaneously revolve around the topics that were of significance to contributors rather than being driven by the researcher's preconceptions. In order to achieve this, careful thought was given to the degree of structure that would be used in the interviews taking into consideration the need of the researcher to interrogate unanticipated responses while controlling the time taken for the interview.

The exploratory nature of the research and the interpretative phenomenological approach required participants to speak openly, reflecting on their experiences and concerns. Smith *et al.*, (2009) described this interaction as 'in-depth' interviews and as a 'conversation with a purpose' in which the contributors express their own thoughts in their own words and, unlike a court of law or audit investigation, the research conversations do

not aim to establish one ‘true’ view but to understand each contributor’s perspective including where it is inherently contradictory or unclear (Smith *et al.*, 2009 p. 57).

The researcher was aware from experience in other fields that the needs of the participants are a key factor in eliciting information with some contributors able to speak at length and in detail on the basis of a simple prompt while others need the support of specific questions. This was addressed through the strategy of putting the core questions first and then, where the researcher perceived that the contributor needed the support of specific questions, questions were asked that were more precise.

Whether this degree of structure constituted semi-structured, unstructured or lightly structured interviews or Smith *et al.*, (2009)’s ‘conversation with a purpose’ was a delineation at the technical margins. Those who were able to speak freely and lead the direction of the conversation and, by extension, of the research were encouraged to do so, while those who needed the structure of a series of questions were given it.

The content of the core questions, prompt questions and the conduct of the interviews is discussed further in section 4.5.11 ‘Conversations with Contributors’.

4.5.4. Strategy: Individual Case Examples

The fourth layer of Saunders’ research framework relates to research strategy. Strategies suggested by Saunders’ within this stratum of the framework include survey, experiment, archival, ethnography, grounded theory and narrative enquiry (Saunders *et al.*, 2016, p. 124).

The two key issues in the researcher’s decision to use individual case examples as distinct from a comparative case study were first, the focus of the research on the perceptions of individual actors rather than on objective facts concerning the councils in which they operated and, second, the expedient of gaining access within the limits of the

academic timeframe. There is a sense in which each contributor is a case study in himself or herself and a sense in which the purposive, homogenous sample of contributors is one case study.

Buchanan *et al.*, (1988) described their experiences of and consequent views on, accessing participants for interviews in organisational research. They advocated an approach that they described as ‘opportunistic’ in that their research took advantage of what was achievable in the circumstances describing access to organisations for research purposes as a matter of chance, rather than skill. While offering some recommendations for possible approaches, the writers stated that the research timetable must allow for a prolonged period of meetings and correspondence which may, in the end, be fruitless. They warned that dependency on the fragile goodwill of ‘gatekeepers’ is a high-risk strategy since, in their experience, the consents and arrangement procured may be overturned at some other level of the organisational hierarchy amid concerns that sensitive or reputationally damaging information could be disclosed (Buchanan *et al.*, 1988 p. 68).

Cognisant of that advice, in this research, access for the purpose of comparative case studies would have required the consent of numerous individuals in the selected councils. In the constraints of the time available for the research, the risks associated with a comparative case study approach outweighed the benefits since the required data could be obtained directly from councillors approached individually with a focus on their individual perceptions and views rather than on the council within which they acted. Conditions of psychological safety were provided to contributors through the safeguards of pseudonymised transcripts and redaction of identifying material with an opportunity for contributors to review the redacted transcript and further amend anything they did not want the researcher to quote, each councillor contacted could make an individual decision of

whether to contribute to the research. While this approach skewed the sample toward those who had comments they wished to contribute, as discussed in section 4.5.8 ‘Sample’, there were no reluctant participants to give deliberately misleading information.

4.5.5. Timeline

Ethical approval was received in July 2022 and the first phase of interviews, consisting of four pilot interviews, was carried out in August and September 2022. This was followed by a break during which the researcher undertook course study modules. A further 20 interviews with agents-in-focus were conducted from February to July 2023.

During the 2023 local election period, responses to email approaches indicated that councillors did not wish to engage in activities outside of political campaigning and the sending of invitations to participate was paused from mid-April until after the May 2023 local elections. Following the elections, an attempt was made to resume the sending of invitations but these were met by responses indicating that, following the changes in elected membership and sometimes changes in political control, membership of committees, including the audit committee, was not yet decided. It did, however, provide an opportunity for the researcher to obtain the immediate first impressions of new councillors attending the audit committee for the very first time, some with prior experience in other areas and others with no previous experience.

4.5.6. Data Collection

Data collection and analysis are the innermost layer of the Saunderson's research onion. This section describes data collection from the point of accessing participants to the point of data saturation.

4.5.7. Terminology

Buchanan *et al.*, (1988) referred to the negative connotations of the word ‘interview’ and advised its avoidance, preferring the word, ‘conversation’. For the purpose of this study, therefore, the researcher used the term ‘conversation’ in place of ‘interview’ to denote a balance of power in which the researcher’s knowledge depends on the knowledge of the contributor and his or her ability and willingness to disclose it and a meeting of equal, though somewhat different, minds.

Buchanan *et al.*, (1988) also suggested that, in order to gain cognitive access, the participants must understand the objective of the study and feel that they can contribute to it. For the purpose of this research, participants were not observed from a position of omniscient objectivity but were at the core of the study, influencing the direction of the research as well as the course of the conversation. In this study, therefore, participants were referred to as ‘contributors’ reflecting their status in the research.

4.5.8. Sample

Phenomenological methods are associated with small, purposive samples and the generation of data predominantly from semi-structured interviews which are then transcribed and analysed (Smith *et al.*, 2009, pp. 4-5).

Smith *et al.* (2009) suggested that between three and six participants should provide sufficient cases for studying the similarities and differences between participants’ responses, observing that a large sample is more problematic than one that is too small and that larger numbers do not indicate better research and that, in terms of rigour, the sample should match the research question and be reasonably homogenous (Smith *et al.*, 2009, pp 48-52).

Smith *et al*, (2009) utilised this method in the specific field of psychology which may be relevant to the low numbers of interviews that they recommended. In more general terms, Patton (2015) also contended that less depth from a larger sample is unhelpful in exploring a phenomenon but advised that the sample size should be decided according to the purpose of the study and not compared with a random probability sample requiring a certain confidence level (Patton, 2015, pp. 244-245).

For the purpose of this research, homogeneity and purposiveness were achieved in that 24 contributors are the agents-in-focus of the research and all were members of a council audit committee at the time of the interview except for one who was taking a temporary break to fulfil other duties.

The sample was, however, the most significant limitation of this research in that the vast majority of councillors on audit committees were not contacted because the required number of contributors had been reached and, of those who were contacted, the majority did not respond to the invitation to participate. Three email responses to the invitations may offer a clue in replying that they did not wish to participate because audit committee issues were not worth an hour of their time.

As observed in section 4.5.8 'Sample' and section 4.5.11 'Conversations with Contributors', contributors were self-selecting. Two contributors stated that they wished to contribute because they themselves had a Ph.D. and wished to support a new Ph.D. candidate. It was clear from the outset that most contributors were contributing because they had something specific to say which may have resulted in participation bias (Saunders *et al.*, 2016, p. 397).

4.5.9. Access to participants

The first group of four participants formed the pilot study. These four contributors were drawn from the researcher's personal political network. For the main body of contributors, the primary means of inviting participants was through their published council email addresses. A spreadsheet containing the names and basic data of all English local councils was downloaded from the website Open Council Data UK (2022). This listing also gave the political makeup of each council and the type of council, for example, district, county, unitary. From the downloaded spreadsheet, in alphabetical order until data saturation was reached, each council's website was accessed to find the list of councillors sitting on audit committees and their published contact email addresses. Each member of the audit committee was sent an email invitation to contribute to the research. This process continued until data saturation was reached. In total, 327 emails were sent resulting in 17 interviews. A post inviting participants was placed on the professional social media website 'LinkedIn' resulting in three interviews with agents in focus.

From these responses, a total of 24 conversations were conducted:

- Pilot group from personal political network: 4
- From 327 emails: 17
- From LinkedIn post: 3

Non-identifying details of the contributors are shown in table 2 below. In order to avoid confusion with elected members of the Independent political group, the term 'advisory' is used to describe non-elected members appointed for their expertise.

Table 2: Table of Contributors

Table 2: Table of Contributors							
Contributor Code ¹	Gender	Control at time of interview	Type	Model	Councillor group	Audit Committee Chair	Note
C1	M	Conservative	London	Cabinet	Labour	Conservative	
C2	M	Labour	Combined Mayoral	Committee	Labour	Labour	Chair
C3	M	Labour	London	Cabinet	Conservative	Labour	
C4	M	NOC	District	Committee	Conservative	Conservative	Vice-chair
C5	F	Labour	Metropolitan	Committee	Labour	LibDem	
C6	M	Labour	London	Cabinet	Labour	Advisory	
C7	F	Labour	District	Cabinet	Labour	Joint Alternating	
C8	F	NOC	Unitary	Committee	Green	Labour	
C9	M	NOC	Borough	Cabinet	Labour	Conservative	Pilot
C10	M	NOC	Borough	Cabinet	Labour	Conservative	Pilot
C11	M	NOC	Borough	Cabinet	Labour	Conservative	Pilot
C12	M	Conservative	County	Cabinet	Labour	Conservative	Pilot
C13	F	Conservative	District	Cabinet	Labour	Independent	
C14	F	Conservative	London	Cabinet	Labour	Conservative	
C15	F	Labour	Metropolitan	Cabinet	Labour	Conservative	
C16	M	LibDem	Borough	Cabinet	LibDem	Advisory	
C17	F	NOC	London	Cabinet	LibDem	Advisory	
C18	F	Labour	London	Cabinet	Labour	Labour	
C19	M	NOC	Unitary	Cabinet	LibDem	LibDem	Chair
C20	M	Conservative	District	Cabinet	Conservative	LibDem	
C21	M	Labour	District	Cabinet	LibDem	LibDem	
C22	M	Independent	District	Cabinet	Independent	Independent	
C23	M	Labour	Metropolitan	Cabinet	Conservative	Labour	
C24	M	NOC	District	Cabinet	Independent	LibDem	

¹ For the purpose of maintaining confidentiality, contributor numbers do not represent the order in which the interviews were conducted

4.5.10. Pilot Study

The pilot study was conducted during late August and early September 2022 with four audit committee councillors drawn from the researcher's personal political network. Three took place in person at the local Labour Party offices in the local constituency. One took place by Zoom.

Initially, the researcher had concerns that the contributors, being acquainted with the researcher through working on political campaigns, might say what they thought the researcher wanted to hear. While the researcher sensed that there were occasional moments of 'wanting to say the right thing', the concepts raised by the pilot participants provided the first indications of perceptions that would later be repeated and expanded upon by other contributors. The frankness of some of the pilot contributors' expressions suggested to the researcher that prior acquaintance caused them to feel more relaxed and more able to speak freely than might otherwise have been the case.

No problems were encountered in the pilot study.

4.5.11. Conversations with Contributors

The mono-method used for the collection of data was interviews. Three interviews in the pilot study took place face-to-face. The remainder of the interviews were conducted online via Zoom or Microsoft Teams with the exception of two interviews that were unable to proceed on the Internet link due to technical difficulties and these were conducted by telephone.

While the use of intermediate technology facilitated access to participants, the researcher was concerned that it could be more difficult to gain cognitive access at the level needed for eliciting the required information. The researcher's interview technique relies on adjusting to observations of the facial expression, tone of voice and body

language of the interviewee. Whereas, in an in-person interview, the researcher would have made use of eye contact and sitting position to demonstrate interest in what the contributor was saying, the researcher adapted her interview technique to include physical nods that could be seen on screen and verbal affirmations such as an affirmative ‘mmm’ or, ‘that’s interesting’ to encourage the speaker to continue. The researcher is accustomed to using silence to create a tension that the respondent feels pressured to fill. This technique did not work well on the video link as contributors assumed the silence to be a lost connection and filled the silence with, ‘Are you still there?’ rather than what was on their minds to say.

On balance, the researcher believed that sufficient cognitive access was gained through the technologically mediated conversations to elicit the necessary information. The following case example is offered as evidence that cognitive access was achieved.

In one particular case, the contributor became, in the researcher’s perception, anxious while criticising her colleagues. Her speech was unusually slow and deliberate which the researcher interpreted as choosing her words carefully. The researcher observed, however, that the contributor was reflecting the researcher’s body language to the extent that it could be seen on the video connection. The researcher deliberately changed the position of her hands in a way that was visible on the screen and observed that, a few moments later, the contributor reflected the action. The researcher repeated the action with the same result. The contributor continued to articulate her concerns slowly and carefully and then remarked, ‘There! I’ve said it out loud!’ Her speech then picked up the normal pace of a conversation. To the researcher, this was evidence of cognitive access to participants gained in internet-mediated conversations.

Contributors were given the six core questions in advance by means of the Contributors’ Information Sheet. Conversations were conducted with minimum researcher

interventions in order to allow participants as much freedom as possible to express their responses. The researcher's interventions were normally follow-up questions and probing for additional details, that is, where further information was needed to clarify a point or the contributor stopped speaking and the researcher believed from their body language that they were waiting for a further prompt in the form of the next question. For example, where necessary, the core question 'Please tell me your views on audit committees', designed to prompt free speaking, would be put in the more precise form of, 'What do you see as the strengths and weaknesses of the audit committee?' giving the contributor a narrower boundary. Overall, the researcher felt that the interviews that yielded the most information were those in which the contributor was able to speak freely and in depth from a core question.

The conversations were not flawless and review of the transcripts reveals many instances where the researcher feels she missed opportunities to enquire more deeply but sufficient information was elicited to address the research questions.

Alternative forms of eliciting the data were considered. A vignette study could have been used but would tie responses to scenarios and issues to those pre-determined by the researcher rather than allowing participants to lead. Focus groups were deemed unsuitable for Councillors' due to the potentially politically sensitive nature of the conversations and the researcher's aim of providing conditions of psychological safety in which contributors could speak frankly.

The questions were aligned to the theory, identifying the general-dispositional-framework of the agents in focus and their perceptions of the core structures of audit committees themselves, audit and accountability.

Core questions asked of all contributors:

1. Please tell me how you came to be on audit committee and what, if anything, prepared you for the role?
2. Please tell me your views on audit committees.

Further questions if time permitted:

3. What are your views on internal audit?
4. What are your views on external audit?
5. How do you see councillors' financial accountability to residents?
6. Is there anything else you'd like to tell me about audit committees or audit or accountability to residents?

For contributors who needed more structure, prompt questions were asked aiming to elicit additional information as appeared to the researcher to be relevant in the case of the contributor, for example:

7. Has your experience in x been helpful in fulfilling your role on audit committee?
8. What do you see as the strengths and weaknesses of audit committees?
9. How did you feel about/view audit committee before you were appointed to sit on it and have your feelings/views changed since you've been on it?
10. Has/how has audit committee made a difference to the way you see things?
11. Do you feel that you or another councillor, have made a difference to how audit committee works?
12. What changes do you feel could be made to the audit committee/audit system/process to improve it?

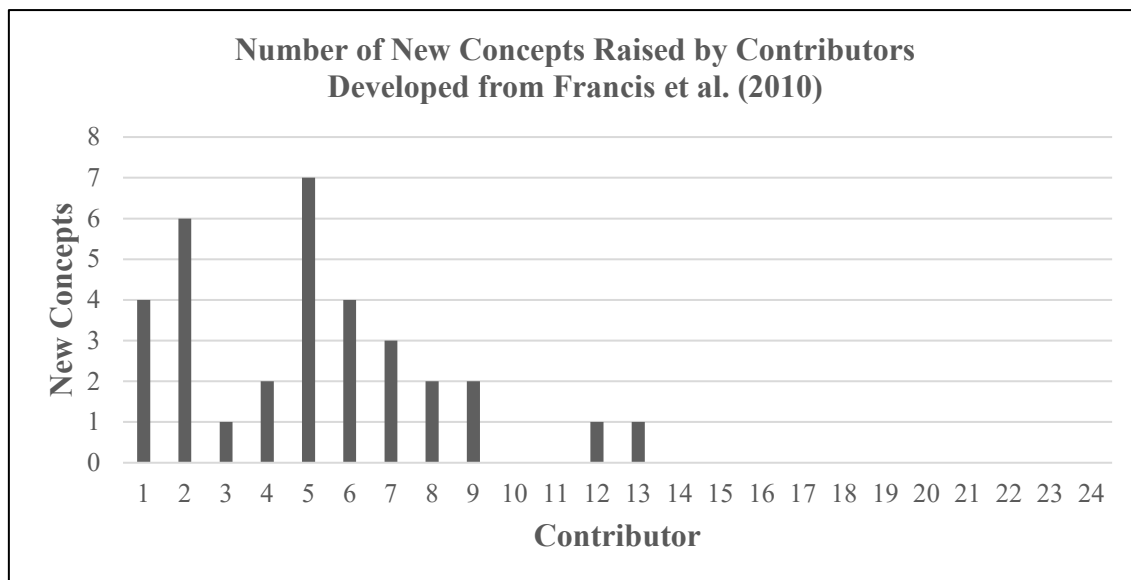
13. What would need to change to make that improvement happen?

A risk in both semi-structured interviews and thematic analysis is the influence of researcher bias. This is discussed in section 4.7 ‘Establishing Rigour: Trustworthiness of the Data’.

4.5.12. Data Saturation

There came point at which analysis of the interviews indicated that the conversations were no longer yielding new concepts. A chart was formulated and this confirmed the conclusion that data saturation had been reached. Figure 4 below is developed from Francis *et al.*, (2010).

Figure 4: Data Saturation Chart developed from Francis *et al.*, (2010)



In cases where no new concepts were identified from the conversations, the conversations nevertheless had value in enriching the concepts previously raised by others. The cessation in the generation of new concepts may not mean that there are no new concepts to be found but rather that the researcher’s skills in attracting contributors with

different viewpoints and eliciting new concepts on the limited focus of councillors' perceptions of audit committees had reached their limits.

4.5.13. Transcription

To facilitate analysis, the conversations were transcribed from the audio recordings. The researcher transcribed the first nine audio recordings and contracted out transcription of the remainder to a local transcription firm whose terms included a commitment to client confidentiality.

Bryman, (2013) observed that conversational speech includes a variety of impediments to the flow of expression that would normally be avoided in public speaking and that the 'full clutter' of a transcript is not required where the aim of the research is to communicate contributors' statements (Bryman, 2013 p.62). This applied, to a greater or lesser extent, to all contributors to this research. One contributor's conversation held particular challenges for transcription as his speech was impaired following a health event and there were numerous false starts, stutters and rephrasing that made a verbatim transcription, separated from its audio recording, unintelligible. The purpose of the study required a transcript that communicated the contributor's statements and therefore the strict verbatim of stutters, 'erm's and false starts were removed to enhance readability and comprehension of the point the contributor was making. A secondary reason for removing some verbal impediments was consideration for the dignity of the contributor who might be embarrassed if the full number of repetitions of 'you know' were visible in the transcript.

The transcripts were also edited by the researcher to remove identifiers such as the name of the council and references to other councils and organisations that could have

been used to identify contributors or that named a person whose consent had not been obtained.

At the end of each conversation, contributors were advised that the transcript would be sent to them with the request that they review it and, if there was anything they did not want to be quoted, to redact or edit the transcript and return it to the researcher within 14 days of receiving it. Bryman, (2013, p 63) observed that in addition to confirming the accuracy of the transcript, this process also maintains relationships with contributors which should be managed to maintain the option of returning to the participant if necessary (Bryman, 2013, p. 64).

One contributor re-worded the entire transcript into written rather than spoken language. Three contributors amended the transcript to remove sentences that they felt might identify them and one corrected a minor transcription error. The remainder either agreed the transcript as it stood or allowed the time limit for amendments to expire.

4.6. DATA ANALYSIS

4.6.1. Preparation of Data for Analysis

The researcher segmented the agreed transcripts into units of speech approximating to paragraphs. The segments of speech were copied onto digital index cards. Each card was cross-referenced to the contributor and the segment of speech in the transcript. For example, the fifth segment of Contributor 12's transcript was marked as 12/5 on both the transcript and the card. At this stage, no selection was made of which segments of the transcript would be utilised other than the discarding of conversation that did not pertain to the questions, such as introductory greetings and discussion of breaks in the internet connection.

Thematic analysis was carried out with the first order coding based on the theoretical framework. Second order subthemes were compiled from the issues raised by contributors.

Returning to the digital cards, the tagging function allowed the multiple coding of each card such that a concept that is relevant to more than one theme or theoretical dimension could be coded to all relevant themes and theoretical quarters. This aspect of the analysis technique drew to the researcher's attention that classification into themes and subthemes is not absolute, revealing the porosity of themes and the connectedness of the theoretical dimensions. Both the physical and digital cards could now be sorted by the theoretical analytical framework and the subtheme.

4.6.2. The Analytical Framework

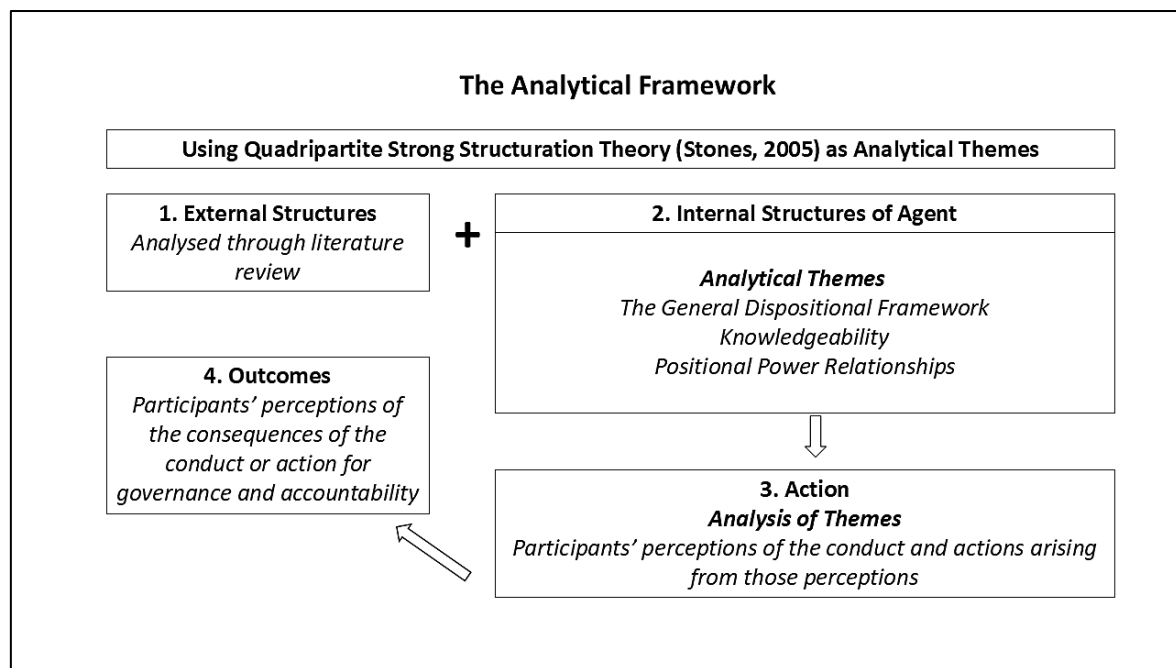
Feeney and Pierce, (2016, p. 1162) and Makrygiannakis and Jack, (2018) suggested that the quadripartite framework of strong structuration theory may be used as a set of analytical themes. This approach was adopted in this research to ensure that the analysis was fully aligned with the theory.

Stones, (2005 p. 121) advocated methodological bracketing, the selection of specific elements of the theory upon which to focus. The literature revealed a perceptions gap between actors involved in audit committees and the potential for negative attitudes to develop, uncertainty relating to the ability of audit committee members to understand and utilise financial information and the influence of politics on audit committees. The theoretical themes of the general dispositional framework, knowledgeability and positional power relationships were selected as analytical themes for their alignment with the findings of the literature review. Contributors' perceptions within each theme were clustered into subthemes.

Each theme was further analysed to ascertain contributors' perceptions of the passive conduct and purposive action that arose from their perceptions and of their perceptions of the outcomes of those actions for the governance and accountability roles of audit committees.

This is shown diagrammatically in figure 5 below.

Figure 5: The Analytical Framework



4.7. ESTABLISHING RIGOUR: TRUSTWORTHINESS OF THE DATA

Gioia *et al.*, (2013) warned that a risk of a qualitative research methodology, particularly where the samples are small, is that it may lead to inadequately justified conclusions, resulting in 'creative theorising' on insufficient evidence (Gioia *et al.*, 2013, p. 4).

Smith *et al.* (2009) contended that, while the criteria that apply to quantitative research could be applied to qualitative studies, the quality of qualitative research should be judged by criteria appropriate to it, pointing to the risk of reducing the assessment of

qualitative work to checklists, asserting that such procedures may exclude subtle features of the findings (Smith *et al.*, 2009, p. 179).

In the context of content analysis, Elo *et al.* (2014) stated that trustworthiness is often considered to be ‘credibility, dependability, conformability, transferability and authenticity’. They concluded, however, that trustworthiness in content analysis depends on ‘rich, appropriate and well-saturated data’ reported in an understandable and valid manner (Elo *et al.*, 2014, pp. 1, 8). Patton (2015) also referred to the importance of the reporting of qualitative findings likening it to the presentation of opposing testimonies in the courtroom (Patton, 2015, p. 554). As far as possible, this approach has been adopted in the presentation of the evidence given by contributors in Chapter 5: ‘Analysis of Interviews’.

Patton (2015) asserted that, while reliability in quantitative research is traditionally assessed according to whether, using the same research instrument, the same results may be obtained by others, the instrument in qualitative interviews is the researcher and reliability may depend on the skills of the researcher (Patton, 2015, p. 14). In this study, the researcher has drawn heavily on her experience of interviewing people from diverse backgrounds and cultures, seeking to check her understanding through reflective questions, for example, in this extract from the transcript of Contributor 17.

Researcher:	So, the internal auditor is reporting but you feel that it's not being used in the right way?
Contributor 17:	Yes.

Contributor 17 then gave additional information regarding her concerns.

Yardley, (2017) proposed four ‘dimensions’ for demonstrating the validity of qualitative research: sensitivity to context; commitment and rigor; transparency and coherence; and impact and importance (Yardley, 2017). In this research, ‘sensitivity to

context’ was demonstrated by studying the words of the contributors to identify concepts as the contributors expressed them. ‘Commitment and rigour’ were founded on the use of established frameworks of design and analysis. The reporting of the study aims to offer ‘transparency and coherence’ by presenting direct quotations of contributors’ speech to enable the reader to decide the extent to which he or she agrees with the researcher’s interpretation. The impact of this research is the implications for policy as discussed in chapter 7.

Vromen, (2018) offered a framework of ‘core attributes’ for ensuring rigour in qualitative research: Inductive analysis that permits exploration and discovery through open questions; in-depth data collection methods that allow the researcher to follow new concepts as they emerge; analysis that uses direct quotations to present individual perspectives; and the researcher should be as non-judgemental as possible (Vromen, 2018, p. 245). This research attempted to achieve Vromen’s core attributes (Vromen, 2018) through a research design built on a phenomenological approach using interview techniques that allowed contributors to speak freely while permitting the researcher to follow the lead of the contributors in pursuit of new perspectives and the further development of existing perceptions. The findings are presented in this thesis with direct quotations from contributors. The researcher has attempted to show neutrality as she might in a professional setting, hearing evidence from several parties each with their own perception or, construction, of the event under scrutiny.

4.8. ETHICAL CONSIDERATIONS

University of Birmingham ethical approval was applied for in line with the University of Birmingham’s research ethics processes. The committee decided that, while

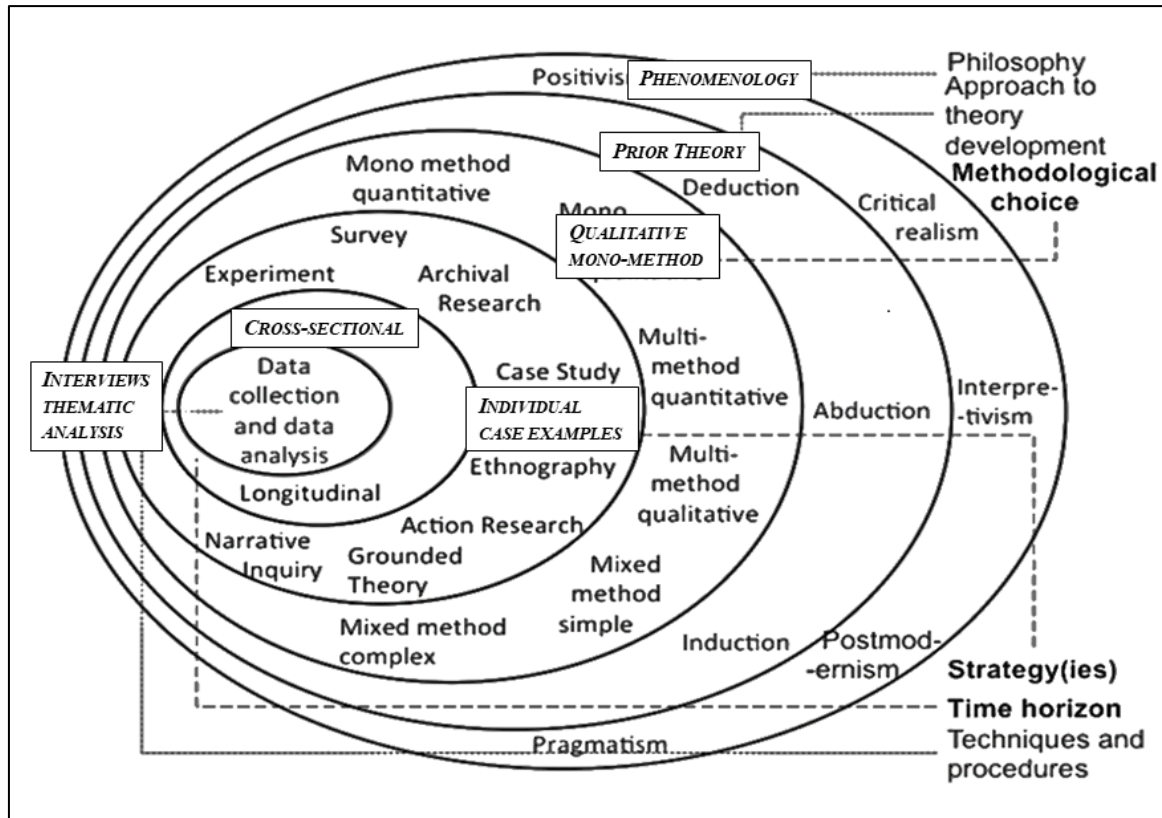
the project does involve human participants, the project raised no substantial research ethics issues.

A 'Contributors' Information Sheet' was provided to each contributor outlining the purpose of the research and explaining what would be asked of the contributors if they agreed to have a conversation with the researcher, how the information they gave would be used and referencing the University's privacy policy. A consent form accompanied the Contributors' Information Sheet which those who were willing to participate were asked to complete. Some contributors completed the form and returned it by email, others were given access to an online form that could be signed electronically with a full evidential trail. Three contributors had difficulty with both of these methods and the consent form was read aloud by the researcher and agreed by the contributor on the audio recording. Consent specifically included the recording and transcription of the interview and use of the pseudonymised transcript for present and future research purposes and the dissemination of finding including but not limited to, journal articles and conferences.

4.9. SUMMARY OF CHAPTER 4

This chapter has set out in detail the philosophical approach, prior theory, methodology, methods and techniques used in the exploration of Councillors' perceptions of audit committees in English local councils. Section 4.2 of this chapter explained the adoption of the Saunders' Research Framework that underpinned this research design and offered a diagrammatic representation of the framework. Figure 6 below replicates the diagram of section 4.2 with the addition of an overlay summarising the specific application of the Saunders' framework in this research as set out in this chapter.

Figure 6: Overlay of research design developed from Saunders, et.al., (2016)



As represented in the diagram figure 6 above, the outmost layer of Saunders' research onion framework represents the philosophical approach to research. Section 4.3 argued a phenomenological assumption pointing to five particular qualities. First, that audit committees may be studied objectively or subjectively through the perceptions of actors in the audit committee function, second that that councillors' perceptions of audit committees are individually constructed phenomena. noting that, while the perceptions of contributors to the research may not be technically correct, they were, nevertheless, the reality of the individual participant who held those perceptions at the moment in time at which they were expressed and this research accepts them as such. Third, that the properties of audit

committees are the properties of its members which became significant in considering participants' perceptions of the effectiveness of the audit committee's governance role which becomes significant when considering perceptions of individual and collective competence. Fourth, that audit committees, as the object upon which the perceptions are focussed, are social objects within a network of interdependencies and power relationships. This property became significant in considering the constraints and possibilities within which audit committee members may exercise their active agency. Fifth, that there are widespread impacts on citizens should governance, to which audit committees are intended to contribute, fail. Epistemologically, it was argued that the only way to uncover a person's perceptions is to ask them, which drives the nature of this research.

The theoretical approach discussed in section 4.4, presented Quadripartite Strong Structuration Theory as the prior theory for this research employed as the foundation of the methodology, governing the questions asked of contributors, the analytical framework and the interpretation of the results.

The use of Q.S.S.T. as the foundation of the methodology is summarised in Table 3 below:

Table 3: Theoretical and Analytical Framework

	Table 3: Councillors' Perceptions of Audit Committees: Theoretical and Analytical Framework					
Q.S.S.T. quarter	1	2a	2b	2c	3	4
Literature Review findings	Audit committees legitimised by reference to governance and accountability but not in a precise way.	Perceptions gaps between regulators and other agents and between types of agents	Inconclusive findings relating to audit committee competence	Political context may impair audit committee independence	Potential inability to fulfil the audit committee role	Potential impairment of governance and accountability
Philosophical assumptions	Audit committees as socially and individually constructed objects	Distinction between object and perceptions of it (<i>neoma, noesis</i>)	Has the properties of its membership	Exists in a network of position-power relationships		Shapes the reality of others/other objects
Theoretical dimension/ Analytical theme	External Structures Audit committee structures, conditions of action, rules and resources	Internal Structures Participants' perceptions of : <ul style="list-style-type: none">• The general dispositional framework• Knowledgeability• Positional power relationships			Action Participants' perceptions of the conduct and actions arising from perceptions	Outcomes Participants' perceptions of the outcome of the conduct or action
Data collection	Literature review	Elicited through minimally structured interviews with a sample of councillors who were audit committee members				
Data analysis		Reported perceptions were analysed through theoretically based analytical themes and subthemes				
Interpretation	The analysis is interpreted through the prior theory and informed by the literature review					

The use of a prior theory may be considered contrary to the phenomenological principle of open-mindedness. This criticism is accepted and an attempt was made in this research to apply the theory flexibly and not to force the results into the four theoretical classifications of the theory but to use the theory experimentally. The primary rationale behind the selection of Q.S.S.T. as the theoretical framework for this study, however, was its novelty and potential to facilitate exploration of an uncharted field, that of how a

specific group of people understand and manage a particular structure as seen through their eyes at a particular time in history.

The research design followed the traditional methodology of phenomenological research using a small sample of in-depth interviews, transcribed, studied and themed. It did not use a random probability sample nor seek a confidence level through sample size and selection. The use of the qualitative methodology associated with phenomenology limited the research findings to those of the group that was the subject of the study. The findings cannot be used to establish predictive social law. Conclusions relate only to the contributors in the sample and may not be transferable between contributors. For example, the active agency that produced desired outcomes for one contributor may not be successful for another due to differing external conditions of action, for example, whether the contributor's group has political control. The theory would suggest that there may also be differences of knowledgeability and personal temperament that cause one councillor to succeed while another following the same model of action may fail, though their actions may provide inspiration for others seeking to reform their audit committees.

Consistent with its phenomenological assumption, the value of the findings rests in the discovery of perceptions within the minds of a sample of councillors within the conjuncture of the local council audit committee, the actions and practices to which these perceptions gave rise and the implications for local governance accountability. The objective was not to ascertain causality or predictive theory but to illuminate the previously unexplored phenomenon of perception within a very specific context.

With the undisputed limitations of the phenomenological approach and qualitative methodology based on minimally structured interviews with a small sample, it is submitted that this research design was the optimum means of fulfilling the research objective of

exploring councillors' perceptions of audit committees and the impacts on the audit committee's governance role in English local councils.

CHAPTER 5: ANALYSIS OF INTERVIEWS

5.1. INTRODUCTION

This chapter presents an analysis of the interview responses of 24 councillors who, at the time of the interview, were members or recent members of their council's audit committee. The analysis is structured according to the analytical framework described in section 4.6.2 and figure 3 of this thesis.

The first order analytical themes were drawn from the theoretical quadripartite framework of Stones, (2005) as set out in table 3 section 4.9 to ensure that the analysis was fully aligned with the theory. The second order analytical themes were, the general dispositional framework, titled 'The Cinderella Committee', conjuncturally specific knowledge, named as 'The Schleswig-Holstein Question' and positional power relationships, titled 'The Party Hat'.

Because these were contributor-led interviews, designed to allow participants to raise the perceptions that were of greatest concern to them as individuals, not every contributor raised every subject. Where a number of contributors raised similar issues, these were clustered into subthemes and, in this chapter, extracts of interviews have been selected that, in the view of the researcher, best articulate the subject raised by contributors.

5.2. THE CINDERELLA COMMITTEE

5.2.1. Perceptions of the General Dispositional Framework

Three email responses to the invitations offered the first indications of the unpopularity of council audit committees by replying that they did not wish to participate because audit committee issues were not worth an hour of their time. This initial indication

was confirmed through perceptions reported by contributors that the audit committee tends to be perceived as mundane and low in the hierarchy of concerns by their colleagues, partly due to its association with finance, becoming of significance only when an issue arises.

‘The Cinderella Committee’, clusters contributors’ perceptions of the framework of attitudes toward audit committees within which contributors were situated at the time of the interviews. The title of this theme is taken from the conversation with Contributor 19 who used the expression ‘Cinderella committee’ to communicate the low regard in which the audit committee was generally held in his council.

‘I think it’s kind of a Cinderella committee, I think you might have heard that from other people but, you know, it is. I think its importance isn’t necessarily wholly recognised, partly because people think of it as dry, dull, looking at figures and stuff, which is only a small part of it.’ C19/41

5.2.2. Dull and uninteresting

In these extracts from conversations with Contributors 2, 5, 6, 7, 8, 11, 12, 13, 15, 17, 19 and 22, the collective dispositional framework of councillors perceives audit committees to be dull and uninteresting, a mundane obligation that lacks the excitement of community action and infrastructure projects and only becoming of interest when an irregularity or financial matter of public concern arises. As individuals, however, these contributors, contrary to the collective dispositional frame, perceived the audit committee to be interesting or of importance.

The dominant theme of Contributor 8’s conversation was the perception that the audit committee in her council is unpopular due to the dullness of its business and a dislike of finance among councillors.

‘It just sounds very boring, I think, really for a lot of people and also, a lot of our councillors don’t particularly like doing finance.’ C8/4

Contributor 8 referred to the perception that the audit committee lacked interest 14 times during the conversation, stating that the audit committee would only be of interest in certain circumstances such as press reporting of budget cuts or irregularities.

‘Well, I think it's partly because of finance being a bit boring really or people feeling it is difficult to understand. And then a lot of the budget stuff, people do get interested if things are being cut. But audit and standards is sort of higher level than that. It's like with planning, obviously people are concerned if somebody's building a house next to them. In audit and standards, they might be concerned if they felt their local councillor was going off the rails and if they felt the Council wasn't managing its money properly but they wouldn't really probably know that until it came out in the budget.’
C8/24

Contrary to the general disposition that audit committees lack interest for other councillors, however, Contributor 8 expressed her own personal interest three times during the conversation observing that the audit committee is interesting but mostly lacks heated debate.

‘I think it's interesting, it's just it's not that controversial most of the time.’ C8/26

In the perception of Contributor 22, the Audit Committee does not evoke enthusiasm among councillors and, while the committee plays a crucial role in essential processes, the Audit Committee lacks the attraction of visible infrastructure projects.

‘It isn't a thing that you as a councillor can get really fired up about. You know, if you're on community or housing, you've some driving interest. Audit (committee), while in fact it's essential for all those things to happen, it's not something you can necessarily get fired up about. C22/7
It's not, if you'll pardon the expression, ‘sexy’. You're not getting new houses built or making the town centre look brighter or putting children's play equipment in your ward or whatever.’ C22/8

The expression that audit committee business is not ‘sexy’ to communicate the perception that audit committees lack attraction was also present in the conversation of Contributor 13 who perceived a potential lack of personal status from audit committee

membership, with some councillors underestimating the audit committee's importance.

Contributor 13 expressed the view that individuals with business experience might appreciate the significance of audit but that, overall, it is generally perceived as a dull, unexciting committee.

'I personally think there may actually not be a great personal status attached to it, because people might underestimate the importance of this. And I think if you have an understanding of business, you'd understand the importance of audit. I think audit in itself is something that people see as possibly potentially quite a dull area. And you know, it's the sort of the less palatable, less exciting, less sexy sort of stuff, isn't it, audit and accounts.' C13/5

Contributor 5 emphasised that she had been on the audit committee out of personal choice, contrary to the general disposition of her party group that the audit committee lacked the excitement of community action. Despite the collective perception of its unattractiveness, Contributor 5 perceived a role for the audit committee in addressing issues and resolving problems.

'Often, members of audit committees are people who've been put on it and don't really want to be on it. I remember the whips being very surprised when I said, well, 'Can I be on audit (committee) please?' And they said, 'Nobody likes being on that' because it's dull, gross. Who'd want to do auditing? That's incredibly dull. And it's not lifesaving, it's not getting children into schools or anything but when things go wrong in councils and they do, it's the auditors who sort it out.' C5/8

Contributor 11 echoed the perception that interest in audit committees is generally low, except when a problem arises. Referring to media reports of councils issuing s.114 notices, Contributor 11 perceived little interest in audit committees until an issue arises.

'But, when stuff like that happens and yeah, it's big news and everyone's really interested in audit committees and yeah, you'll have members of the public there suddenly watching it in the press but for the most part, now they sort of tick over and behind the scenes with probably not enough people taking an average interest in them'. C11/44

Contributor 12 offered an example of the audit committee's rise to press attention when a company employed by the council to collect cash from car park ticket machines failed to remit the money collected to the council.

'Some of the things are quite dramatic and interesting. The most interesting one was the cash collection fraud. That was the one where the company we were employing took all the money, shoved it in a warehouse and smuggled it all out the country. That was a wonderful one. That was when the (audit) committee suddenly was high profile in the news, in the national news.' C12/43

Despite the collective perception that the audit committee is dull and uninteresting, Contributor 2 expressed the view that it is important to observe audit committee meetings in order to understand how the money is being spent.

'I'm sure lots of committee meetings are boring but if people want to know where the money goes, watch audit committee.' C2/28

Contributor 7 linked the perception of interest to audit committee members' sense of meaningful action contrasting her own perceptions with the collective dispositional frame.

'I really do think there's huge room for being able to make a meaningful contribution through it [audit committee] because it must be quite boring for members if they don't feel they're doing that.' C7/37

Contributor 22 perceived an inability for the audit committee to implement change.

It (audit committee) isn't something where you can or where it is obvious that you can, effect change. C22/27

Contributor 11 explained that his enthusiasm to be on the audit committee was contrary to the general desire to avoid it.

'It seems something that nobody ever seems to want to do, the audit committee. So, there was never much competition where I was always really keen on it. So, since I was the only one, it was just assumed every year that would go back on the audit committee. So, I did and indeed was still on the audit committee, right up until I stopped being councillor in May this year.' C11/8

Contributor 5 felt that her perception of the audit committee has been modified by her experience of being a councillor.

‘It's definitely become more important to me as I've become a more experienced councillor and recognising the real value of it. I get so, tired of people saying, ‘Oh, protect frontline services at all costs.’ I don't dispute the importance of that but not recognising and valuing a lot of our internal processes, you know when people say, ‘Oh, bureaucrats, pen pushers,’ those are the people that are keeping us on the straight and narrow.’ C5/7

Contributor 15 perceived the audit committee to have significance greater than was sometimes recognised.

‘I think it (audit committee)’s very important. I think somebody with seniority ought to chair it. I think some councils struggle with maybe acknowledging the importance of it.’ C15/12

Contributor 6 believed that the general perception of audit committees as uninteresting and of low priority is changing. Referring to media reports of the issue of s.114 notices in three councils shortly before the conversation took place, Contributor 6 pointed to the impacts of governance failures and the importance of audit and scrutiny committees in addressing financial crises.

‘I think, in the past, people have seen it as a financial anachronism. We don't need this thing. It's really techie looking at boring reports but when the tide goes out you see everyone's draws and I think with the financial crisis and the crisis of local government, those stresses in the sector are financial, right? And when you look at what's gone wrong, it's because of that governance people are not saying, ‘What are you trying to do? Where's the governance?’ So, I think audit and scrutiny are very, very important.’ C6/57

Contributor 17 felt that, despite its lack of attractiveness, he enjoys being on the audit and governance committee of his council.

‘I get the feeling that not many people like being put on audit and governance, it's not people's favourite committee. People tend to prefer scrutiny and I think that's partly because it's a bit more- from a member's perspective I guess it's a bit more glamorous going on scrutiny. But audit and governance suited me. I am very happy to be here.’ C17/5

Contributor 22 perceived the audit committee to be potentially the most important committee for councillors who are not in decision-making positions.

‘You’re protecting the interests of the council, you’re looking into how money is being spent and obviously all of the normal audit things, that nothing is going nastily wrong. So, I think of all of them, audit is most likely the most important committee that non-executive councillors are on.’ C22/3

From the above interview extracts, a theme emerges of a general dispositional framework among councillors that the audit committee is dull, uninteresting, lacking the appeal of community and infrastructure developments and that interest is limited to situations in which financial concerns arise. Some contributors, however, expressed a conflict between the general-dispositional-framework and their individual disposition, perceiving the audit committee to be interesting or important.

5.2.3. Low in the hierarchy of concerns

Contributors 1, 6, 7, 8, 9, 13, 14, 15, 18 and 23 perceived that, in the context of high workloads, the audit committee is generally given low priority in councillors’ hierarchies of concerns.

Contributor 23 described the difficulty of balancing audit committee responsibilities with other commitments. Contributor 23 felt that it is not possible to be an effective audit committee member on a part-time basis.

‘But also, you’ve got to bear in mind that people on audit committee, we are part-time representatives. There is a limit to how much time I can take off my day job, which is what really pays the bills, to read papers for audit committee, research in and around what we’re going to be discussing, get into dialogue with independent advisors about what we should and shouldn’t be doing, whilst arguing with the city solicitor about judgements concerning the law. There’s only so, much you can do when it’s not your full-time job. C23/35
And that’s just one committee I’m on, I’m also on another committee as well, not to mention all my duties to my residents which is the reason I am a councillor, not to mention attending council, attending

shadow cabinet. It's just too much to do it all effectively as a part-time representative.' C23/36

Contributor 14 viewed the audit committee membership as requiring considerable preparation time in the context of an already busy schedule.

'I guess it is one of those things where everybody on the committee has got all their other jobs to do and everything as well, so, it's quite a lot, it takes quite a lot of preparation.' C14/24

Contributor 8 linked the general reluctance to sit on the audit committee with high workloads.

'If people have got a committee, they've got a lot to do with that committee as well. So, you know, audit and standards is sort of an extra thing.' C8/5

'Nobody's desperately keen to do it. There's something else comes up or they feel they've got too much to do and can't do that as well' C8/31

Having admitted experiencing a steep learning curve since becoming a councillor, Contributor 13 perceived that other areas of work tend to take precedence over audit committee matters.

'I think probably the day-to-day bread and butter stuff tends to take over with case work with residents and all that sort of stuff. So, you know, I'm sort of spread across quite a lot of different areas and do a lot of case work and things.' C13/9

'A lot of the time other things that are more sort of critical and human issues will take a higher priority than things like audit (committee). So, it's not a deliberately lower priority but in terms of time management it ends up becoming so, I think.' C13/12

Contributor 7 pointed to the impact of workloads on the ordering of concerns for audit committee members in terms of the time available to read the meeting papers.

'People who have full time jobs, having those reports when you have them for the first time takes a significant amount of time to read through them and understand them' C7/26

Contributor 1 perceived a lack of sufficient time to read audit committee papers, particularly when they are provided at short notice.

‘But the reality is, with a councillor role, you’re not full time, you haven’t necessarily got that much time to look at papers. So, if you’re getting them quite late notice and there are eight audits that have been done over that period, the chance that you’ve actually read them all through in a lot of detail is minor.’ C1/8

Contributor 8 perceived that the lack of time for reading audit committee meeting papers was particularly problematic when it became necessary to find substitutes at short notice.

‘Because what happens is, like with me, somebody can't make it then we find a substitute. That's not always very useful because people, if it's very last minute, haven't had a chance to read it or don't know what it's about.’ C8/30

Contributor 9 held a different perception suggesting that, in his council, the papers are provided in good time and that failure to read them is due to laziness.

It (the meeting papers pack) is sent you about two weeks before what's going to be talked about, so, you have chance to read through. Not only what's going to be in the report but why it's going to be in there. So, you should know what's coming up and if you don't, it's down to you being lazy and not reading the reports. C9/8

Contributor 6 spoke strongly in expressing his perception of an expectation in his council that audit committee members will prioritise the reading of the papers despite workloads.

‘People know if you go on audit board this is not a play committee. This is not a plaything, right? You have to read your papers. There's an expectation you read your papers. No one's gonna tell you to read your papers, that is the expectation.’ C6/51

Contributor 9 linked the prioritising of the reading of the committee papers to councillors’ public image.

I'm unfortunately, I'm one of those people that tends to read everything. Which is a bit of a strange thing for anyone to say. But if you don't read through reports, sometimes you miss the little things. And of course, if I'm going to bring something up at a full Council, I want to be sure that I'm right before I make myself look a fool. C9/8

Contributor 18 made a similar connection between prioritising the reading of the meeting papers and public image.

When I spoke with an officer he said, “Oh, it’s so, obvious when the councillors haven’t even read the papers. They don’t even know that they’re embarrassing themselves.” C18/18

Contributor 8 perceived that one of the reasons that the audit committee is low in councillors’ hierarchy of concerns is because it is not a concern of residents unless there is a controversial issue and that it therefore lacks electoral value.

‘It’s not something I get asked on the doorstep. I might get complaints about cuts and I might get remarks about, ‘Oh, it’s awful, council finance, because the government doesn’t give us enough money’. Or ‘I pay too much Council tax’. But in terms of how we manage, it’s not, perhaps it should be more but it’s not something that I suppose generally and if it was reported in the local newspaper would be more like [a current issue], rather than the actual audit report.’ C8/24a

By contrast, Contributor 15, perceived a change of public attitude following press reports of councils receiving section 114 notices due to financial mismanagement and that residents now recognise the importance of governance issues.

‘I know the borough fairly well. I would say my knowledge of the borough is that the borough would think this [audit] committee is really important. The borough thinks the management of money in local government is really important. Not just their council tax that they pay but money in general. Money from the government, wherever it’s raised they think it’s very important.’ C15/45

These extracts from the conversations of Contributors 1, 6, 7, 8, 9, 13, 14, 15, 18 and 23 indicate that audit committees together with the preparation for them, tends to rank low in the hierarchy of concerns for councillors due to high workloads. This was not, however, the undisputed perception of every contributor with some perceiving that their particular council provided the papers in a timely manner with an expectation that the papers will be read, a suggestion that a failure to read them may be attributable to laziness and that residents consider the governance role of the audit committee to be important.

5.2.4. Opportunity for Knowledge and Positional Power

Contributors 2, 5, 6, 8, 11 and 13 perceived the audit committee to be an opportunity for gaining organisational knowledge and influence.

Having served as the chair of the Overview and Scrutiny Committee for eight years, Contributor 2 perceived the Audit Committee to have greater influence and effectiveness than the Overview and Scrutiny Committee for understanding and influencing council affairs.

‘I was previously chair of overview of scrutiny for eight years and I have mixed feelings about the effectiveness of Overview and Scrutiny. I thought audit would be a much better vehicle for seeing all that's happening in the Council and having some influence over it.’ C2/1

‘I like to be aware of what's happening and someone has to hold people to account and I quite enjoy that.’ C2/2

Contributor 5 attributed her interest in audit committee to a simple wish to know what was happening in her council.

‘Maybe that's what it is, I like to know what's going on.’ C5/28

Contributor 13 also perceived the audit committee to be a source of knowledge about the council.

‘To be honest, I took the audit committee just because it was something I was quite interested in to see and making sure and tracking what goes on.’ C13/1

Contributor 8 felt that the audit committee had provided an overview of council functions that revealed to her a culture of passing of issues between departments rather than dealing with them.

‘Well, I find it interesting because I think it (audit committee) does give you an overview and I've just been at a meeting where somebody said, ‘Do you know what, I've just realised we're not one council,’ because different departments are constantly passing things on, ‘It's not us, it's housing’ or something. so, I think it's good

because it gives you that overview of what's going on across the Council.' C8/25

Consistent with the perceptions of Contributor 8, Contributor 6 perceived the audit committee as providing insights into the council's process culture and compared this to his experience of the private sector's focus on outcomes.

'But on audit (committee) you get a feel, I didn't realise at the time, you get a feel for how the organisation is put together. So, you know that if a cabinet paper is in January, you know this isn't the private sector, so, the officer will say, oh, yeah, "That's the piece of work, Councillor." Six months later, you get an implementation plan. The implementation plan probably will not be as good as the private sector because, in the public sector, they care more about process than outcomes.' C6/24

Contributor 6 was the lead member for finance and corporate services during the pandemic and felt that the knowledge of the council that he had gained through being on the audit committee was of use to him in that role during the Covid-19 emergency period.

'So yeah, so, and in effect, I think audit gave me a good grounding. I knew how the organisation worked before I had to deploy that during Covid. So, I think it did me a good service.' C6/2

Similarly, Contributor 11 perceived his membership of the audit committee to have provided knowledge that, despite being the leader of the council, he had not gained through other channels.

'I'd say that even as council leader, there were things I was finding out through the audit committee that I wouldn't have found out anywhere else.' C11/28.

These interview extracts reveal the perceptions of Contributors 2, 5, 6, 8, 11 and 13 that the audit committee is a means of gaining organisational knowledge and exerting influence.

5.2.5. Reactive Conduct: Avoidance Behaviours

This section presents the conduct, actions and outcomes reported by contributors as arising from the collective negative perception of audit committees.

Contributors 2, 4, 5, 8, 11, 13, 14, 19 and 22 perceived that, driven by the collective perception of audit committees as dull and unimportant, many councillors tended to avoid membership of the audit committee and that, where they were appointed to the audit committee by their leader, they may fail to attend or fail to participate in meetings.

At the time of the conversation, Contributor 2 was the chair of the audit committee in a combined authority. Contributor 2 observed that a consequence of councillors' reluctance to attend was that the audit committee was not consistently quorate and was, therefore, unable to conduct its business.

'We were not always quorate. With eight members from four different constituent authorities, some, I'm sure, thought, 'Oh, it's OK, someone else will go'. C2/5

Contributor 2 perceived that some members of the audit committee were less keen to attend than others, identifying them as the councils that they represented.

'I won't mention them but two authorities stood out as not being as willing to attend as others.' C2/7

Asked by the researcher whether the non-attenders had given any indication of why that was, Contributor 2 felt that it was due to a lack of interest and that it is not a remunerated position.

'It's not a paid position. Members have no incentive, really, except if they're interested, to come to an audit committee.' C2/8

Contributor 8 began the conversation by explaining her concern regarding an outcome, the difficulty of finding members willing to sit on audit committees:

'We can't get people to do audit and standards. It's not the most popular of committees' C8/1

In Contributor 8's perception, this outcome is the consequence of members' avoidance action, particularly when party groups reorganise themselves after local elections.

'What usually happens is around May time people change their positions and don't want to be on audit and standards anymore.' C8/3
'We've got new candidates standing. If you said to them, "What committees would you like to be on?" I'm sure nobody will say audit and standards.' C8/34

The perception that councillors are reluctant to sit on audit committees was present in the conversation of Contributor 11, though he personally was eager to be on it.

'It seems something that nobody ever seems to want to do, the audit committee. So, there was never much competition where I was always really keen on it. So, ... it was just assumed every year that would go back on the audit committee. So, I did.' C11/8

Contributor 22 linked the collective view that the audit committee is unexciting with the difficulty of finding councillors to sit on it.

'I think it is the hardest committee to get people to go on to. It is the least exciting in its day-to-day work.' C22/6

The perception that many councillors dislike being on audit committee was also present in the conversation of Contributor 5.

'It's quite difficult because, often, members of audit committees are people who've been put on it and don't really want to be on it.' C5/8

In the context of his perception of a tendency toward change in the prior experience of new councillors, Contributor 4 referred to the reluctance of some councillors to attend the audit committee even when nominated to do so, by their group leader.

'I've seen, since 2019, definitely this diminution of experience, maturity, among councillors and the reluctance, even when they're nominated by their group leader, to actually attend (audit committee) regularly.' C4/44

Contributor 14 acknowledged that, while there were many councillors who would not want to be on the audit committee, those who were currently on it were willing

members and restated her view that she found the audit committee interesting because it gives a view of the council's diverse activities.

'I wouldn't say that everyone wants to be on it but I think the people that are on it do want to be on it, I think. so, yes, I think there are other people that it would be the last thing that they'd want to do but like I say, it is quite interesting because you get to see stuff from all around the council, it's not just limited to one area.' C14/7

At the time of the conversation, Contributor 19 was the audit committee chair of a unitary authority. Contributor 19 felt that there was variation in the extent to which individual members engaged with the committee's business and that only around half of the audit committee members were actually participating.

'I feel some members are more engaged than others, shall we say? So, I feel that I've got a functioning committee but the work on that is borne by maybe about up to half of the members.' C19/5

Contributor 19 linked the lack of engagement by some audit committee members to their appointment by their party groups with some appearing to have failed to read the meeting papers.

'Aside from our independent [co-opted] members, members of audit committee are appointed by their parties and I think sometimes more willingly than others.' C19/6

'You expect members to take things seriously, to come and to at least to have read the papers. Sometimes that's not always obvious.' C19/7

Contributor 13 linked the tendency of reluctance to sit on the audit committee to an apprehensive lack of understanding of audit committee business and to workload. Contributor 13 volunteered for the role but with reservations concerning her own contribution to the committee.

'It could be that some people don't want to get involved because they have that sort of being a bit scared off it, because they think, "Oh my word, I don't really understand anything about that." Whereas it's easy to understand operational stuff about parks and potholes and stuff like that, it's easier to avoid to things that may be more complex

to understand and also potentially audit and accounts comes with a heavier workload in terms of meeting prep and stuff.’ C13/7
‘I volunteered myself because I thought it was something that needs to be had a look at. But as I say, it’s then feeling I’m not really getting the most out of it.’ C13/8

These extracts from the conversations with Contributors 2, 4, 5, 8, 11, 13, 14, 19 and 22 reveal a perceived general reluctance among councillors to sit on audit committees arising from the collective perception of them being dull and uninteresting. These contributors observed that members appointed to the audit committee by their party groups may lack commitment and fail to attend audit committee meetings or fail to engage with its business but those who choose to join the audit committee tend to be committed to fulfilling their responsibilities to the best of their ability.

The perceived negativity of the general dispositional framework led to various responses among contributors as shown in the following case examples.

5.2.6. Case Example C5: Changing attitudes

5.2.6.1. Case Summary

Contributor 5 acted to change negative attitudes toward the audit committee and perceived the outcomes to have been positive.

At the time of the conversation, Contributor 5 was a member of the controlling group in a metropolitan district council with a committee model of administration. She had recently relinquished the chair of the audit committee in order to fulfil another role in her council and stated her intention to return to the audit committee chair on completion of her term of office in her new role. Contributor 5 did not have a background in an area relevant to audit committees but had experience on her council’s audit committee.

In a conflict between her own perception of the potential of audit committees as a mechanism for improvement and the collective negative attitude and presented with the

conduct of councillors avoiding membership of the audit committee, Contributor 5 acted to change the general negativity by introducing informality, raising the profile of the audit committee through positive messaging and improving the capability of the audit committee through training. Contributor 5 perceived the outcome to have been successful with a more positive perception of the audit committee among councillors and improved performance of the committee. On leaving her post as audit committee chair, however, many of her measures were not continued.

5.2.6.2. Interview Analysis

Perceiving the general unpopularity of audit committee membership in her council, Contributor 5 felt that her role as chair of the audit committee was to motivate committee members.

‘That's what my function was, as chair, to enthuse the audit committee. I used to say each time, “We're the best committee in the Council, we're doing really good things. You know, let's enjoy this committee.” So, I think audit is always seen as and it is, a serious committee, don't get me wrong, a worthy but dull committee and it's anything but.’ C5/16

Contributor 5 made audit committee meetings less formal.

‘And I think I tried to bring a little humour and irreverence to audit as well because it's usually seen as such a stuffy subject. I wanted it, you know, audit is fun.’ C5/21

Contributor 5 encouraged members of other committees to use the audit committee to address issues and her positive messaging spread through to the group meetings of other party groups, emphasising that the audit committee does not deal exclusively with financial matters.

‘I kept banging on about it. I kept saying, “Audit committee is really good. These are the things we're doing,” and I think working with the other two people and them saying the same things in their groups made it, “We're looking at this at the moment,” or you'd have a group meeting and somebody would say, “Oh, X really doesn't seem to be

working.” And I say, “Oh, audit (committee) will look at that for you.” And so, I think it would be possibly seen as a more useful committee than just the one that receives financial reports.’ C5/19

Contributor 5 encouraged socialising among the committee members by providing refreshments to encourage a teamworking approach among committee members.

‘I’d bring cake to meetings. And then I drew up a rota of who would bring biscuits. Just so that we got to feel collegiate and interested. And I know that’s not actually about what auditing is but it was about getting the committee to feel that we were all working together to do these things.’ C5/20

Contributor 5 felt that she had a good working relationship with members of other party groups and involved them in planning the agenda.

‘When I was chair of Audit, the deputy chair was Lib Dem and there was only one Green councillor on it. But I treated her as another deputy chair. And so, the three of us would talk about issues and talk about agendas and what we wanted to put on them and I was very open to them wanting to put things on about areas that they had concerns about.’ C5/14

Contributor 5 reported that she had put considerable effort into establishing a non-partisan approach focused on improving services.

‘And because I worked very hard to make it a non-party political. Committee, albeit a political committee in that we were asking these sorts of questions as politicians but we were doing it, not to score points off each other but to improve the services of the authority.’ C5/15a

In addition to using her active agency to modify the general dispositional framework, Contributor 5 also engaged an external training provider to enhance the skills of audit committee members and engaged a trainer known for being approachable.

‘I said, “Right, we’re going to have training and development.” And that’s about saying that training and development is what we need to make us better at this job. It’s not about saying, “You all know nothing, therefore, we’re going to make you learn this.” It was encouraging them to see it as development rather than punishment, if you like. And again, because I got [name] to come and do it and he’s very lively and not threatening.’ C5/26

Contributor 5 felt that the outcome of the training was positive in that audit committee members felt more assured in their audit committee role.

‘I think we all felt a bit more confident. And also, we thought about our agendas and what we wanted on them and how useful some things we had were and weren't. And I think it was just a confidence about going forward that we understood more things and the ability to ask.’ C5/29

Overall, Contributor 5 perceived the outcome of her agency to be positive, maintaining a balance between cooperation and challenge.

‘And we became quite a team, which I really enjoyed. And that then meant that the other people on the committee had to follow our lead of being collegiate but asking good questions.’ C5/15b

The outcome, as perceived by Contributor 5, was a reversal of the audit committee’s earlier image of mundane obligation, becoming a desirable committee to be on and attracting individuals who wanted to join it.

‘Well, our committee, we became quite popular. We did have people who then wanted to be on it. And that just made it a good committee to be on, because if you've got people on it who want to be on it, they are interested in the work.’ C5/17

And so, I think people found it interesting once they realised that audit isn't just about accounts but it's about governance and the way the authority works and works properly. Then that that made it sexier.’ C5/18

The researcher asked Contributor 5 whether she felt that her ability to bring about the change was due to her personality. Contributor 5 replied that the enabling factor was the willingness of others to respond positively to her interventions.

‘Only if other people are responsive to it. You know, I could have spent the whole year saying, “Isn't this great? We've done these things,” and people could have just said, “No” but they joined in, you know, they reciprocated. C5/28

Contributor 5 explained that she had been required to leave the audit committee for the duration of her time in another council role. An audit committee chair was appointed who did not continue Contributor 5’s approach.

‘I think the chair this year is very good and knows his stuff but is very serious. And I don't think they have cake. And I don't think he makes it feel as important’ C5/30

Contributor 5 perceived the outcome of her interventions to be positive.

The strengths were in the interest of the committee. If you don't have a committee that's interested or cares, then it's just another dull committee you have to get through. My committees got longer because people asked more questions. Officers were able to give good answers. So, instead of lasting an hour, it would last longer. But it was because people were engaged, so, getting people engaged, explaining why audit is important. C5/34

Ultimately, in the view of Contributor 5, whether audit committee is uninteresting or an active component of governance depends on individual perception.

‘I think it is just about seeing it [audit committee] as a vehicle for improvement and not as, “Oh God, there's an audit committee. We’d better get some people on it.”’ C5/39

5.2.6.3. Follow-up

A check by the researcher one year later found that, while Contributor 5 returned to the audit committee, the balance of control at the council had changed at the intervening election. Contributor 5 had returned to the audit committee as the deputy chair for four audit committee meetings and ceased to be an audit committee member from November 2023.

5.2.7. Case Example C2: Addressing attendance

5.2.7.1. Case Summary

Contributor 2 acted to reduce audit committee membership and perceived the outcomes to be positive.

At the time of the conversation, Contributor 2 was the chair of the audit committee of a mayoral combined authority and a member of the controlling group. He was highly

qualified in a non-finance field and had worked at a high level in his specialist area. He described himself as having a professional background but not in finance.

Arising from his observation that some appointed audit committee members failed to attend meetings causing the committee to be inquorate and unable to conduct its business, Contributor 2 acted to reduce the number of members on the committee. The outcome of his action was positive and subsequent meetings were quorate.

5.2.7.2. Interview Analysis

Contributor 2 observed that members' lack of commitment to their audit committee role, despite having been appointed to it by their party group, was causing some meetings to be inquorate and, therefore, unable to conduct its business.

'It was clear that the committee wasn't working as effectively as it should be or as efficiently as it should be and we were not always quorate. With eight members from four different constituent authorities, some, I'm sure, thought, "Oh, it's OK, someone else will go"'. C2/5a

Contributor 2 believed that an audit committee with fewer members would be more effective. He acted to modify the audit committee's membership, drawing on his relationship with officers and his knowledge of the council's structures and processes and a one-year trial of a reduced membership was agreed.

'I decided, in my head, to consult the officer, the governance officer and get her agreement to put it to the committee that we would have a slimmed-down committee which, we hoped, would be more effective and we will try that for a year and hope it was more effective.' C2/5b

'We discussed that in the committee and we put that then to the governing board of [Combined Authority] and they agreed to try that for 12 months.' C2/6

The outcome in the perception of Contributor 2 was positive. During the trial period, the committee was consistently quorate and an assessment revealed fewer manifestations of partisan behaviour and more constructive debates.

‘We've done that 12 months. It's been successful, at least in as much as we've been quorate at every meeting which is a plus and it just works better. I'm sure you'll know that in a smaller committee you can get better dialogue. We did an assessment, of course, of last year's work and we agreed that people felt more able to discuss things and that they were less partisan. That's the term that came out because we have representation of all the parties and representation from all the authorities. So, there is scope for disagreement but there hasn't really been a lot of disagreement for the sake of disagreement this year. Whereas with the bigger committee, people tended to be a bit partisan.’ C2/6

5.2.7.3. Follow-up

The researcher checked Contributor 2's council's website almost one year after the interview found that the change that Contributor 2 had implemented remained in effect. On examining attendances from the minutes of the six most recent meetings, three out of four councillors attended all of the six meetings. One elected member attended two out of six meetings without the reserve member being recorded as present in her place. The meeting was, however, quorate indicating that while the reduction in numbers did not result in 100% attendance by all councillors, three of the four members attended every meeting.

5.2.8. Case Example C24: Acceptance of Current Situation

5.2.8.1. Case Summary

Contributor 24 accepted the non-engagement of some audit committee members as a natural feature of any council committee.

At the time of the conversation, Contributor 24 was an opposition member of the audit committee at a district council with a cabinet model of administration. He attended the audit committee for nine years as a non-voting parish representative and, at the time of the conversation, had recently been elected to the district council where he voluntarily joined the audit committee as a full voting member. Contributor 24 had a background in a public service unrelated to local government. Contributor 24 observed that few audit

committee members actively participated in meetings. Contributor 24 perceived this to be a natural and expected situation.

5.2.8.2. Interview Analysis

Contributor 24 perceived his audit committee duties to be challenging.

‘If I’m being honest, although I attended, I wouldn’t claim to have fully grasped all that was actually happening and if anything, I still think that it’s a steep learning curve for me to actually become an effective member of that committee.’ C24/3

Contributor 24 observed that some councillors understood and actively participated in audit committee matters while others failed to engage. Contributor 24 perceived this conduct to be a natural feature of life and appeared to the researcher to have a resigned acceptance that the failure of some to engage was inevitable. He did not mention any action he had taken or perceived to have been taken by others.

‘You’ll get some councillors there who will either understand what’s happening or go out of their way to understand what’s happening. And you’ll get the other councillors who are just passive, who sit there and don’t ask many questions, they’ll vote in favour of anything that they’re asked to vote for and that will be it. They won’t have enquiring or inquisitive minds. And I don’t think that’s just councillors, I think that’s life in general. No matter what groups you’re in, there will always be people who are proactive and there will be people who are passive and will just basically be just a bum on a seat basically, sitting there just to make the meeting quorate. But actually, they don’t understand and don’t want to understand, just can’t be bothered and maybe don’t even read the documents before the meeting.’ C24/24

Contributor 24 observed two groups of audit committee members: a small group that was well-informed and asked appropriate questions and a larger group that was not committed to their audit committee role.

‘There were a lot of councillors who regularly attended those meetings who never asked questions. Always there were about two or three asking lots of really pertinent, relevant questions. So, I think that’s your problem. You’ve got some people who either have the

skillset or who acquire the skillset and there's others who just can't be bothered and they just go there just to tick a box.' C24/46

Contributor 24 accepted that, while it was important that some individuals were committed to fulfilling their audit committee role, some members will not engage, a situation that, in his perception, applied to every council committee and was a normal aspect of life.

'At the end of the day, if somebody who is lazy gets elected and re-elected, at some point they have to be on a committee and so, you're going to have some lazy people, some passive people, on every committee. And as long as you've got people who are keen to do the job properly, I suppose that's what matters.' C24/47

5.2.8.3. Follow-up

One year after the interview, a check of the council's website revealed that the audit committee had a membership of 15. Seven members had attended the most recent three meetings. Three members had attended two out of three meetings and five had attended one of three meetings. Contributor 24 remained an opposition member of the audit committee with 100% attendance.

5.2.9. Summary of The Cinderella Committee

The interview extracts presented in the analytical theme 'The General Dispositional Framework' and titled 'The Cinderella Committee' revealed perceptions of audit committees as dull and interesting and low in the hierarchy of concerns reflected and exacerbated in some councils by the audit committee chair not receiving the allowance paid to the chairs of other council committees. Individual contributors, however, did not conform to the general dispositional framework, perceiving the audit committee as having a role in the governance framework and offering an opportunity for organisational knowledge and influence. This theme also uncovers conflicts between the general

dispositional framework and individual perceptions that, for some contributors, triggered purposive agency to remedy perceived deficiencies in structure and practice with varying degrees of long-term success while others accepted the imperfections as a fact of life.

5.3. THE SCHLESWIG-HOLSTEIN QUESTION

5.3.1. Perceptions of Conjuncturally Specific Knowledge

Issues relating to the knowledge and competence of individual members to fulfil the audit committee's governance role formed the largest cluster of perceptions raised by contributors. In the consolidated transcript, the transcripts of all conversations appended into one document, the word 'training' occurred 159 times reflecting the consistency of the narrative and the emphasis placed by contributors on aspects of audit committee members' competence to fulfil their audit committee role.

The title of this theme is taken from the conversation with Contributor 11 who described local council finances as 'The Schleswig-Holstein Question', to illustrate his perception of the complexity of audit reports and the difficulties that some councillors have in understanding them.

'For a number of people, it's a bit like the Schleswig-Holstein question where, whoever it was, asked, "Does anybody understand it?" Whoever it was said that three people understand it, "One of them's dead, one of them's gone mad and the other one's me and I've forgotten it." So, it's a bit like that.' C11/21

Recurring perceptions included failing to understand the audit committee role and the reports that form a major part of audit committee business, a dependence on prior knowledge and experience, issues relating to training, learning through continuity, the capacity to question and the suspicion that information is being concealed in lengthy, complex reports and technical jargon.

5.3.2. Perceptions of the Audit Committee Role

Contributors 4, 13, 17 and 24 perceived a general lack of understanding concerning the audit committee's role and purpose.

Contributor 17 perceived confusion surrounding the audit committee's purpose and how its function differs from the Scrutiny Committee and saw a lack of clarity concerning the Audit Committee's position in relation to the wider council.

'I guess my main feeling is that the hardest thing about audit and governance is understanding the point of the committee, it being different to scrutiny and things like that. Because we still get members who ask questions which aren't the right questions to ask at audit and governance and then they get told, 'It's not really within the remit of the committee to do this.' So, the biggest challenge I think is people actually understanding what audit and governance is and what it's for. And that goes for not just the people that are on it but other councillors as well understanding how it fits into the wider council piece. And possibly some officers as well.' C17/69

Contributor 24 perceived himself and other members to be attempting to fulfil their responsibilities without a clear understanding of their role but expressed optimism that clarity would eventually be achieved.

'Most of us are just ordinary people trying to do as best as we can and not fully understanding what we're meant to be doing, basically. Or understanding what's happening. It's all a bit nebulous at the moment but we'll get there.' C24/52

Contributor 4 perceived a decrease in the level of understanding over time as members had become more defensive and less willing to expose a lack of knowledge.

'The actual level of understanding, I think, among the councillors who attend audit and governance is poor. I'll be blunt about that. A few years ago, or certainly before 2015, it was quite an interactive session when people would ask questions and not be frightened to expose the fact that they were not financial gurus in their own right but now I think people have got a bit defensive.' C4/31

Contributor 4 also perceived that members who had been on the audit committee for some time might have a clear concept of the purpose of the committee but may not be able to identify when change is needed.

‘I think one thing I’ve noticed is that members that have been on the committee for a long time have a very clear idea of what they think the committee is for and that really hasn’t expanded to think about its remit. The terms of reference have never really been thought through very well and I think any of the changes come as recommendations from officers, which is good but means that members don’t necessarily think about how they need to operate and how they work.’ C4/14

Contributor 13 found that a new audit committee member, who was a chartered accountant, had observed that the audit committee was not functioning as well as Contributor 13 had assumed.

‘Last year we had a new councillor who is actually a chartered accountant join on the audit committee. He’s now going to take on the chair role and he was looking at it obviously with that hat on and his legal responsibilities as a chartered accountant and he had quite a lot of comment to make about things and quite a lot of input that he was giving, I’m thinking, “Oh, maybe everything in the garden isn’t rosy here,” but I wouldn’t have known that.’ C13/21

5.3.3. Perceptions of Audit Committee Interdependencies

Contributors 1, 2, 3, 5, 6, 7, 8, 11, 13, 14, 17, 19 and 21 revealed their perceptions of audit committee interdependencies.

5.3.3.1. External audit

A core aspect of audit committee business is to receive external audit reports. Most contributors commented on their perceptions of external audit. A small sample of typical comments is given in this section.

Contributor 1 was sceptical about the value of external audit reports.

‘I don’t necessarily see that the external audit is necessarily adding particular value other than just ticking the boxes and going through the motions.’ C1/22

Contributor 2 believed that the external auditors were reluctant to engage with the audit committee and were not fulfilling their contractual obligations.

‘They haven't lived up to their contract.’ C2/17
‘... and they don't report to us as regularly, or as well as they should. We expect that they will be available for pre meeting briefings with me and with the Chief Finance officer and they haven't been. Recently, since we've insisted that they are available, they have come slightly more into line but I get the feeling that we have no choice. We have no choice but to carry on paying them for effectively not doing the job as we would like them to do. C2/18

Contributor 3 perceived a fall in external audit standards.

‘My experience with the external auditors is that, frankly, they are far less thorough than they were when I was a young accountant and auditor. They get away with things I would never have been allowed to get away with. So, I don't expect to rely much on external auditors except to the extent, you know, except in the broad sense that they pick out stuff. They don't seem to do the kind of things that used to go on. C3/3

Contributor 8 questioned whether the engagement of major audit firms represented value for money and whether they understood the political nature of council decision-making.

‘They cost us too much, is probably my view. It just seems to me that that a lot of these companies have a bit of a monopoly on council audits and I'm not too sure that they are value for money really but that's just a personal opinion. I just dislike all those big, organisations and for example they will always say that in-house services cost too much. But if you have in-house services, that is a political decision that you make and you know it might cost more. They might not be happy about some of the things we do, but they are, by and large, things that we've made a political decision to do.’ C8/17

Contributor 10 reported that the audit committee in his council had questioned the external auditors about the delays and were told it was due to a lack of clarity in some areas.

‘We were asking questions of the external auditor about the reasons for the delay in agreeing the accounts. And they were talking about national concerns about risks to local government that hadn't been

clearly signed off by government and some change in national legislation was being called for.' C10/29

The Audit Commission, which had been responsible for local council audits until 2014, had been abolished ten years before these interviews took place but contributors who had been on audit committees for many years spoke of it positively by comparison with the current arrangements. Contributors 5,11,12,20 and 24 spontaneously presented their perceptions of the Audit Commission in comparison with the current private sector provision.

Contributor 5 perceived a loss of collective knowledge since the abolition of the Audit Commission.

'You could go to the Audit Commission and they had a library of reports that you could look at that they had said, "We've looked at this function in several authorities and these are things we have found out." And I thought it was an incredibly useful organisation and was very sad when it was broken up, when it was abolished.' C5/12

Contributor 11 had worked for the audit commission prior to becoming a councillor. Contributor 11 expressed a strong opinion that the audit commission was effective in ensuring that money spent on local government was used effectively.

Well, there needs to be, I don't know who does it without an audit commission, but there needs to be more focus on the effectiveness of spending, not just how much and whether it's within the statutory limits for this, that, or the other and whether you've stuck to all the rules. That's kind of neither here nor there really, that's box ticking technicality stuff. C11/33

And yeah, when the auditors, external auditors, give you a clean bill of health, all that means is you've done your accounts properly and you haven't spent anything you shouldn't where you shouldn't have done and you collected your debts at a reasonable level and all that sort of stuff. It doesn't tell you anything about what you actually got for the money that was spent. And to make them, if they need reforming, then they need looking at that effectiveness part of the economy, efficiency and effectiveness model which is, which has gone. C11/34

5.3.3.2. Internal audit

Internal audit is a core contributor of reports to audit committees and this was reflected in the conversations of contributors both in the quantity of information that contributors revealed and in its detail. Contributors commented positively on the quality of internal audit reports but expressed concern regarding internal audit independence. Some councils had outsourced their internal audit function for reasons of cost with the added benefit of increased independence.

Contributor 3 specifically referred to internal audit reports as being tedious to read and requiring effort on the part of the reader.

‘Internal audit reports are spectacularly boring to read, I mean, one has to accept having to plough through these wretched things.’ C3/7b

Contributor 14 perceived that the length and lack of focus of internal audit reports, in common with council meeting reports generally, to be unhelpful, particularly noting the absence of concise executive summaries.

‘I find actually along with most of the council meetings the (internal audit) reports to be too long and you know, not enough focus on executive summary, something short, what do you need to make a decision. Audit committee, I suppose sometimes it’s by necessity that there’s a lot of detail that you need but I would say that it’s something that could be improved on.’ C14/8

Contributor 14 perceived a need for reports to be summarised to facilitate decision-making.

‘I think just in terms of summarising things a bit better. You tend to get a really big fat pack of papers and spend a lot of time going through it and making little highlights and I think just a useful summary of what we’re making decisions on would be more helpful. Sometimes there’s too much detail to be able to go through the whole thing.’ C14/9

Emphasising that the issue is not about simplifying the content but about how it is reported, Contributor 13 perceived potential for improvement in general communication within her council observing that jargon can obscure key points.

‘I don’t mean dumbing down at all, I mean it’s about the method of communication and the way it’s delivered. I think there’s a lot of room for improvement in general in local authority paperwork, because there is this sort of local authority speak that creeps in and it just means that you’re having to sift through to get to the nub of things a lot of the time.’ C13/18

Contributors 3, 6 and 12 commented on the quality of the internal audit function.

Contributor 12 felt that the internal auditors were conscientious but did not stay in local council employment.

‘Over the years I’ve known a lot of auditors ... All our auditors have tended to be very conscientious and to be very good. The problem was that people moved on or they did other things in the lockdown.’ 12/32

Contributor 6 spoke highly of the internal audit function in his council.

‘I’m not just saying it, our audit team are very, very good and they do speak truth to power, if you know what I mean? They are on it.’ 6/31

Contributor 3 described the difficulty of knowing whether internal audit is thorough in its work.

‘Whether they [internal audit] do a particularly thorough job, without actually going to do it with them, it’s very hard to tell.’ 3/4

Contributor 3 went on, however, to describe internal audit in his council as ‘reasonably competent’ three times during the conversation.

‘I think as a councillor, to figure out whether internal audit is doing the right function, it’s difficult to tell but obviously when you look at internal audit reports, and if you’ve got some experience with these things, you can see issues that are getting highlighted that need to be followed up. so, certainly within [this council], they seem to be doing a reasonably competent job as far as I can tell. I’ve never had grounds for saying, “Gosh, why didn’t you do this or why didn’t you do that?” I never saw anything that would trigger that.’ 3/6

Reflecting on his background as a chartered accountant in a global corporation responsible for the audit function, Contributor 3 perceived the internal audit function in his council to be satisfactory.

‘I haven't seen any obvious flaws, frankly, that ring bells with me. They seem to be reasonably competent at what they're doing.’ 3/8

Contributor 3 went on to compare the internal auditors at the council with those in the global corporate sector.

‘They're the kind of people I used to employ as internal auditors within the corporate world ... and they seem reasonably competent and it's a job that requires painstaking, thorough, disciplined, day by day approach to do the job properly. ... You want people who are thorough and competent and frankly a little bit boring. To be honest about it, that seemed to be roughly what we got in both places.’ 3/25

Contributor 6 was also positive in his assessment of internal audit in his council.

‘We've got some very good officers, actually, and our internal audit reports are very good.’ 6/32

Concerns about internal audit functions centred on its status in the management hierarchy which was perceived to impinge on its ability to report independently and on its lack of resources for carrying out an adequate programme of work. This was summarised by Contributor 12.

‘But the (internal) audit team isn't really properly valued and there aren't people to do a proper investigation.’ 12/34

Contributors 5, 6 and 12 expressed concerns about the independence of internal audit which traditionally reports to the s.151 officer.

At the time of the conversation, Contributor 12's council was in a trial period of having the Chief Internal Auditor reporting to the C.E.O. instead of the s.151 officer. Contributor 12 explained in detail why, in his perception, internal audit should not report to the Chief Finance Officer, proposing that, in order to be fully effective, internal audit

should maintain a degree of independence from finance departments to avoid potential conflicts of interest, particularly when auditing expenditure processes.

‘If audit is going to be important in our authority, the County and Borough, it should be possibly be arm’s-length from resources and finance people. And if I was being asked, what do I mean by that? I would say, on the County Council your audit should not be under your financial officer. It should go to the assistant chief executive or the officer who does the legal stuff. I would (say), and this is controversial maybe, audit should be at arm’s-length from finance. And why should it be arm’s length from finance? Because if they’re auditing things like the way things are being spent, it's a bit unhealthy, if you really want them (internal audit) to have teeth.’
12/40-41

Contributor 12 expressed the view that, if the audit officer is positioned as a third-tier officer, it poses a significant problem for them in fulfilling their duties independently and that integrating the audit officer into the management team would enhance the overall functionality and effectiveness of the internal audit process.

And that's the problem that we've got. If you've got a third-tier officer, you’ve got a problem. But if you have them, the audit officer, as part of your management team it will be more functional.’ 12/57

Contributor 6 also expressed concern at the level of internal audit reporting and how this affects its independence.

‘I think a potential weakness could be, are the reports taken seriously? And are the officers which support the audit function, are they independent? And I think, you've got a head of internal audit who is part of that function which looks after the audit committee, and you've got the section 151. ... I always think in terms of the weakness, I always question, have we got enough independence built into the system?’ 6/31

Contributor 6 was concerned that internal auditors may have to face their colleagues and managers after having reported negatively on areas under their own manager’s direction.

‘They have to go back after the audit meeting and work with their officers and their colleagues, right? So, we might say something at an audit meeting but they gotta go back and function with their

colleagues ... the question would be, could those internal processes be strengthened? 6/32

Contributor 5 described her perceptions of internal audit in the context of an internal audit investigation involving a high-ranking officer:

‘I was chair of audit at the [named] Authority for [region] and we had an unauthorised expenditure ... and so, we had to have an inquiry into that. And I think it was very hard for the (internal) audit staff because, in a sense, you're fairly junior staff and you're investigating the chief officer of your organisation. And to do that and not be lent on, and to do it fairly fearlessly, it's a very hard job. And so, my job as chair was to support that fearlessness and to say, “Thank you. You're doing this well.” And to front it for them and appreciate that what they were doing was totally valuable and necessary.’ 5/10

Contributors 2, 4 and 8 reported that their councils had dealt with the issues of internal audit cost and independence through partnerships with other councils and contracting out by competitive tender.

Contributor 8’s council had joined a partnership arrangement.

‘We also have this partnership, which is between us and [County 1] and [County 2] who do audit so, that complicates things a bit. And to be honest, I'm not quite sure of those lines of command. Obviously, we have internal auditors and they're part of this partnership. They're employed, it's a joint thing and they look at each authority.’ 8/18

Contributor 4 perceived cost savings in a partnership arrangement for internal audit.

‘And as we've reduced our internal audit, we've managed to tap into a network of local authority audit under very talented lady called [name] so, that we share costs with other authorities. Because as you can well imagine, costs have been going up year on year but they're good value in my view.’ 4/12

But while Contributor 4 perceived the partnership arrangement to be good value, he had reservations concerning the possible risk of not having a specialist internal auditor on site.

“[Name] with the [area] Audit Partnership would do a great job and I have every faith in her. But we have to remember, it's not the same as having a trained, qualified internal auditor embedded within your organisation. So, there's a risk.” 4/38

Contributor 2's combined authority had recently sourced its internal audit from an external company through competitive tender but, at the time of interview, considered it too soon to evaluate the result.

Currently in [Combined Authority], we've just gone out to tender and we have an independent internal auditor, an outside internal auditor, [Name of firm] I think they're called. They've just started and they're very keen, as they would be, and we'll see how they progress. 2/21

5.3.3.3. Financial reports

Contributor 3 held the view that some committee members were unable to understand the reports presented to them.

‘I think what's always tricky for people who don't know anything about these things is they don't know what they're looking at.’ C3/7a

Contributor 8 felt that audit reports are difficult to understand and occasionally consults her husband who is a financial accountant but feels that the reports should be more accessible to non-professionals.

‘I think it's quite difficult as a layperson to know what to ask. I do sometimes ask my husband if there's anything, because it's a public paper so, he can have a look at it but generally, I suppose, it's just but that's the whole point, isn't it? That it should be a layperson's view of it. Because the professional auditors have done all their work. Yes, it's the implications of that that's important.’ C8/7

Contributor 8 perceived a risk that something important might be missed through the lack of understanding of reports but observed that a similar situation exists in other committees.

‘There's a lot of stuff in there that you probably don't need to worry about and a lot of things that you might miss. I think reports generally are too long and people don't necessarily get the bit that they're supposed to. I don't think audit's worse than any other committee really in that respect.’ C8/8

Contributor 11, who had previously worked for the Audit Commission, agreed that councillors generally do not understand the financial reports and attributed this to local council finances being complicated.

‘It's just hard to understand, I think, so, yes, they [audit committee councillors] are out of their depth and I think very few members really understand it and quite often the finance portfolio holder doesn't understand, ... so, yeah, local government finances are just very complicated and very hard to understand. C11/19, 20

Contributor 11 perceived the external auditors to be aware of councillors' inability to question the accounts.

C11/26 I know the external auditors always said in [this council] that, the level of questioning they got about the accounts and their audit was much more, forensic perhaps is stretching it a bit, but was much more detailed and probing than they usually get. They just said, well, normally we just put these reports to the audit committee and they just say, thank you very much next item because they haven't got a clue, really.

Contributor 17 perceived understanding the annual financial reports to be very challenging.

‘I mean, nothing prepares you for looking at the annual accounts for a local authority because they are insane.’ C17/9

‘So yes, the biggest challenge for some people is understanding the finances and stuff, which is challenging. Especially in [this council] where we've issued section 114 notices. So, it is definitely challenging.’ C17/15

‘It's challenging for everybody to understand what's going on, because even the officers have generally not dealt with things like this before. Not on this scale, anyway.’ C17/16

Contributor 7 perceived that her lack of understanding of the financial reports may impact on her capabilities as a portfolio holder.

‘It's the way that the financial reports are presented. There's heaps of legal stuff that I don't understand. That needs to be in there but being so, for instance, I find it very difficult, as a portfolio holder, to work out what bit am I responsible for? And I can't yet draw a picture, looking at capital and revenue, of ‘Is what I want to achieve possible?’’ C7/40

Contributor 11 was outspoken in expressing his view that councillors hide their lack of understanding out of embarrassment.

‘Councillors don't like admitting that, so, they just pretend they understand it when they don't and you know they don't. Me, as leader and portfolio holder, I realised that people tend to say they understand it when they don't, which is quite useful in council meetings when it's opposition members but of course you don't if it's your own side. They don't know anything, either.’ C11/18

Contributor 5 linked failure to ask questions to embarrassment and the fear of humiliation.

‘Because its finance based, people are afraid of asking questions that might make them look foolish. I think for councillors, losing face is just the worst thing in the world for some councillors.’ C5/28

5.3.3.4. Risk reports

Contributor 1 expressed dissatisfaction with the transition of the committee from an audit committee to an audit and risk committee, observing a lack of attention to the risk aspect. Contributor 1 commented that risk registers are sent to the audit and risk committee but are often not thoroughly addressed, as they are deemed the responsibility of other committees which treat the risk reports as items for noting only.

‘It changed from an audit committee to an audit and risk committee and I don't think that the risk part of it has been really taken into account at all. The risk registers get sent to the committee but half the time they say, “Oh, well, these are being looked at by the relevant other committees,” and then you go to the other committees and they don't look at them either because they're information items only.’ C1/6

Contributor 2 referred to his council's risk dashboard. In the perception of Contributor 2, councillors were already aware of these risks but the dashboard served as assurance that the officers were also aware of them.

‘We have a Risk Dashboard that we can look at. We can see where the risks are, as if we didn't know where they are anyway, we do of

course but we can be assured that the officers know where they are and that they know that we know.’ C2/4

The interview with Contributor 8 took place while her council was in the national news for a service failure. Contributor 8 felt that the opposition group had used the relevant entry on the risk register to raise political questions in an audit committee meeting. Contributor 8 acknowledged the potential for her own group to engage in similar behaviour but perceived the opposition’s conduct to be inappropriate.

‘So, people sometimes also use the committee, when there's been a political issue to do with [a local issue in the national press]. The opposition group have been getting very agitated. Fair enough, you know, we should be worried about it but they use the audit and standards risk register bit to do with the risk of [named service] failing as a sort of, “Oh, well, we've got [issue], how does that match up to this?” and really, the chair should have said, “Actually, the risk this refers to, it wasn't done today, it was done a month ago when they worked the risk out.” We tried to point that out and also yeah, it's just like making political points which really audit and standards shouldn't be for, I think. Although we might be guilty of it as well, I suppose.’ C8/9

Contributor 8 questioned the logic of setting a target for risk that, in a traffic-light categorisation, is designated as ‘red’, perceiving it to be a contradiction in the approach to risk mitigation.

‘My thing about risk is how can we have a target of risk which is red? That seems to me madness if you can have a target that's red because we're supposed to be getting less risky.’ C8/10

Contributor 19 perceived a significant weakness regarding the comprehension and analysis of the corporate risk register due to the way in which the risks are presented which obscures whether mitigations have been implemented.

‘I think we have a genuine and real weakness around reading and interpreting the corporate risk register. And again, part of that is it’s easy to look at any given risk on the risk register and go down a rabbit hole of looking at the individual mitigations that are happening and asking really specific questions C19/23.

But I think the way that the risks are presented can be really challenging to interpret and to really get a feel for has all the mitigation that can be done been done.’ C19/24

Contributor 21 observed that the risk report, based on a traffic-light coding, was quickly skimmed through during meetings with limited attention given to red-flag risks.

Contributor 21 expressed scepticism about the effectiveness of the report.

‘We get a risk report once a year which is mostly red, amber green and it tends to be gone through very, very quickly. If there’s something that’s flagged as a red risk then there might be a couple of questions asked about it but what I’ve never seen is anyone saying that this should be a different grade of risk. So, again, I’m dubious about their impact.’ C21/29

5.3.4. Reliance on prior knowledge and experience

Contributors 1, 4, 6, 7, 10, 11, 13, 16, 17 and 23 found their prior knowledge, particularly that gained from the private sector, was valuable in fulfilling their audit committee roles.

The dominant theme of Contributor 6’s conversation was the importance of prior knowledge, which he felt was best gained from the private sector. Contributor 6 had a degree in accountancy and a professional background in retail banking and financial services.

‘I had that sort of top and bottom experience in the financial services industry. So, I would say I’m very financially aware. I can think financially. I’m comfortable talking about risk, about governance, about transparency, because they’re all the things, those skills and values, let’s say, I’ve been inculcated with straight out of university.’ C6/4

Asked by the researcher whether this experience has been valuable in his audit committee role, Contributor 6 affirmed the value of his experience and extended this perception to a general appreciation of private sector experience in other members.

‘I think very, very valuable and actually thinking in preparation for this meeting, I think the most valuable members on audit board have been the ones with a private sector background.’ C6/5

‘I think it [audit committee] is a very valuable function and I think me having that private sector background has really helped because you see it for what it is.’ C6/6

Contributor 6 argued that prior experience in the private sector is of such importance that it should be the dominant consideration in appointments to the audit committee.

“‘What experience do you have in governance risk and the private sector?’ That is literally the one question which every person going on an audit committee should be asked.’ C6/15

Contributor 10 had gained knowledge through experience as a councillor and observed differences between local authority and private sector accounting.

‘I’ve had such a long time in local government, I’m actually quite familiar with local government finance and how things are traditionally accounted for or not. And the arcane process of internal budget setting compared, say, to running an independent business outside the Council is quite different.’ C10/8

Contributor 10 perceived that this experience enabled him to understand financial reports when other audit committee members did not.

‘And there are some people in the committee who’ve had no experience in local government finance and will bring a different perspective but I think my one is, well, I’m quite good at reading finance reports so, what I found at the meeting was, I was able to absorb information and ask questions of various officers in a way that some of the members of the committee found more difficult.’ C10/10

Contributor 7 had 18 years’ experience as a service director in a national organisation and felt that prior experience was vital to her council audit committee role, particularly regarding the use of risk registers.

‘I had experience in [organisation] of what audit was and how the both the financial and the kind of audit programme and how the risk register and things like that worked.’ C7/2

‘I think it was vital, just understanding the role of audit and governance. Just understanding what they're doing is checking the processes are there and not actually checking the ‘what's happening’ but the ‘how it's happening’. And knowing that meant I could look for the right things and not waste time on, “So, why is this happening?” and also understanding how risk registers work and how they're scored. And management actions taken to reduce risk, not eliminate risk. Things like that I was very familiar with. I felt that was very helpful.’ C7/4

Contributor 11 felt that it had taken a considerable time for him to learn to understand the financial reports presented at the audit committee and he achieved it only because of his prior experience of working for the Audit Commission.

‘I think I did [understand] but it took me a long time and I probably never would've done really had it not been for the fact that I worked for the audit commission for six years and got into the basics of it there.’ C11/19

Contributor 1 had experience of internal audit and audit committees in his professional work in regulatory compliance in the financial services sector which he found to be helpful in his council audit committee role.

‘I think it gives me an experience from another perspective. Financial services firms are fairly highly regulated. The development of audit functions is fairly advanced now and so, from that perspective it's given me some experience of what to expect or what an audit function should look like and what an audit committee should be looking like. Obviously local government and local authorities are quite different in terms of some of the things they cover but cyber security, data protection, some of the internal things that audit are looking at are very similar between both organisations.’ C1/4

From a corporate background involving quality-control and process management, though not financial matters, Contributor 13 felt that he understood the audit function.

‘So, I took on the role on the audit committee without having a lot of prior experience. I do come from a business, corporate background and I am familiar with what an audit is. I also did, in my role, internal audit training, so, I understand the principle of audit from a more quality-control perspective and process management but not really so much of the financial stuff.’ C13/1

With experience in the banking sector, Contributor 4 perceived financial and reputational risks in being unable to understand financial reports.

‘If you lack the experience, if you don't understand in any sort of business, if you don't watch the numbers, your business will run away from you very quickly and you can think that you're making small decisions but they might have huge financial effects. C4/34
But these people, given their lack of background, don't actually understand the basic importance of what they're doing.’ C4/36

Contributor 4 expressed the need for continuity and was concerned that a lack of experience among new councillors could have negative outcomes from being unable to take a historical perspective.

‘Some degree of continuity is important because otherwise you don’t have history to things. And I think part of the problem with audit [committee] is that if you don’t know what’s happened before and you’re not aware of previous issues and previous audits, then actually you’re coming and looking at everything from afresh and starting from a blank page. So, I think it does create problems but I also think a level of continuity and a level of experience actually probably is needed for the committee to be effective. I think it would be very difficult for newly elected councillors to actually be able to get a good sense of whether an audit is finding issues that are a problem or not.’ C4/31

Contributor 16 was interviewed six weeks after his council had issued a s.114 notice. As a newly elected councillor, Contributor 16 was not a councillor when the s.114 notice was issued. The interview was intentionally timed to follow his first experience of an audit committee meeting in his council in order to capture his first impressions.

Contributor 16 was working in an industry that is highly regulated with advanced systems of internal and external monitoring and audit aligned to the industry’s priorities of ensuring that its products are both safe and profitable. Contributor 16 observed the difference between his industry and his local council:

‘I guess the issue for me is perhaps compounded by the fact that I worked in the private sector and my exposure to public sector is

pretty limited. so, just the way that things are organised, it's all very different.' C16/3

At the time of the interview, Contributor 17 was in his second year as an elected member and member of the audit committee. The s.114 notice, issued four months before the conversation, was recently lifted because a capitalisation direction had been agreed by the government. Contributor 17 is the Chief Executive of a charity with a turnover of half a million pounds. Acknowledging that this experience is in a different sector, Contributor 17 felt that it gave him an understanding of governance and audit in his council.

'My background, in my day job, I'm the chief executive of a charity, so, I am probably more used than a lot of people to looking at governance issues and audit. Auditing annual accounts for a charity which has got half a million-pound turnover is very, very different to a local authority but I felt like it was the kind of thing I could contribute to because I've got the kind of experience of that sort of strategic governance side even if it is in a completely different sector'. C17/3

A section 114 notice was issued in Contributor 23's council 10 weeks after the interview. Contributor 23 had been on her council's audit committee for more than ten years. She has a degree in accountancy, a career of many years in commercial accounting software and considered herself to be a knowledgeable agent.

I've had a lifetime in commerce, accounting software and all matters ancillary to that. I also have a degree in accountancy, so, amongst our group I would probably be considered one of the most equipped people to be on audit committee. C23/3

Asked whether Contributor 23 had found her previous experience useful in fulfilling her role on the council audit committee, Contributor 23 replied that it had assisted her a great deal.

'Hugely. It's a very technical committee, it concerns itself with a number of things, which is the publication of the statutory reports that the council has to do each year, so, that's a very large and complex document and there are a lot of issues that come out of this which are to do with accounting matters.' C23/4

‘We also, of course, are charged with making sure there are proper controls on risk and proper controls on value for money, because it’s public money. And many of these things involved quite complex financial matters. But because I’ve spent my whole life dealing with accounting software and as I say, with an accounting degree, whilst I’m by no means an expert accountant I have a good general in-principle understanding of all the issues that the audit committee deals with.’ C23/5

Contributor 17 was equally clear that his previous experience has been useful in fulfilling his audit committee role. Asked whether his background had helped him in this role, Contributor 17’s reply was affirmative.

‘Yes, I definitely think it has and I think it’s partly because - you know, it’s like when I go to our trustee board as a charity, I go to the board and they ask me these kinds of questions. “How are you monitoring these things? How can we be assured of these kinds of things?” So, for me, I felt like I probably fit in quite well to the line of questioning and kind of understanding what the committee is for.’ C17/8

Contributor 16 used his private sector experience as a benchmark for evaluating his first council audit committee meeting.

‘In the private sector I might have documents to read in preparation for a meeting and sometimes they can be very technical but we wouldn’t try and work our way through too much documentation in a meeting, whereas public sector meetings, you get reams and reams of documents. There’s no concision, no precision. It really is less focused I think in many respects. I don’t know who sets the agenda for the meeting either, so, the agenda appeared, whereas in the past I might be asked if there were items I’d like to see on the agenda. And the content. That was an education as well.’ C16/3

5.3.5. Adequacy of induction training

Contributors 4, 6, 7, 9, 10, 16, 18, 19, 22 and 24 raised their perceptions of the need for audit committee induction training. Their perceptions of the adequacy of the training varied but there was considerable concern that the induction training they received was inadequate for enabling them to question appropriately and to hold professional officers to account.

Contributor 18 perceived that a lack of training impaired her ability to hold others to account.

‘I just can’t put up a good challenge because I don’t understand it enough. So, I have told the vice chair that we need training. We need proper training, no one-hour thing on this. I’ve not been trained properly and therefore, I am not a strong challenger for what they are doing.’ C18/9

Contributor 10 described the training he received as a recent new member of the audit committee in the form of a one-hour PowerPoint presentation by the Chief Internal Auditor.

‘We had a one-hour training course, immediately before the first audit committee of this year, so, I attended that. That consisted of the chief auditor doing a PowerPoint on the role and function of audit in general terms. And then the way in which audit operates in [this council] in general terms, including the normal annual timetable and the programme of audit and the role of the committee. And we’ve been sent those slides subsequently, so, we have them available if we need to refer to them. And I think unless I missed something, that is the training.’ C10/11

Contributor 6 expressed the view that where an audit committee member does not have relevant previous experience, that the onus is on that councillor to gain the necessary skills.

‘And I think you need to make the point to those people who haven’t got that [prior experience] but find themselves on it, you need to skill yourself up. You need to know what a balance sheet is. You need to know what a cash flow forecast is. When you look at a balance sheet, you look at what’s on that.’ C6/16a

Contributor 9 perceived a lack of understanding of audit committee business among some councillors and their failure to undertake relevant training as a weakness.

‘Perhaps the weakness is people don’t often understand what audit’s all about and we do have training. I’ve been through training twice, actually. But most people, if they don’t go to the training, they just think audit, well, that’s money. Nothing to do with me or nothing I should be bothering with.’ C9/7

Contributor 4 felt there should be an expectation for councillors to be trained in their audit committee roles:

‘These days, if you want to sit on planning, you have to be trained. If you're going to sit on licencing, you have to be trained. Why do we allow people to sit on audit (committee) who are not trained?’ C4/27

Contributor 7 made a similar observation:

‘And you know, for statutory committees you can't be on them unless you've done the training and yet you can go on Overview and Scrutiny and Audit and Governance with nothing. I know that some of my colleagues, I'm pretty sure they haven't got any experience of audit or governance at all. C7/38’

Contributor 19 was positive in describing the internal training that he had received and the responses from the Chief Internal Auditor to his questions.

‘I get on really well with the Chief Internal Auditor. He's very approachable, very available, very willing to answer questions. so, that initial training was useful and gave me a good grounding. We've since had other briefings as a committee.’ C19/3a

Contributor 22 had a mixed experience of the internal training he had received as a councillor.

‘Yes, actually in 2011 we had quite good training. We had several sessions with external trainers and things. Basically, I was a councillor from 2011 to 2019. I've been re-elected in 2023, this training was slightly more cursory really, just more the sort of roles and functions of the committee rather than some sort of skills towards it as well.’ C22/2

Contributor 24 perceived that the training he had received was not commensurate with the role he was expected to fulfil.

‘We had a one-hour presentation for the new committee members, it was almost like an induction, a training. And I sort of felt that one hour really didn't seem to be sufficient given the enormity of what we're expected to do.’ C24/6

Describing the presentation by the s.151 officer, Contributor 24 felt that the training only partially addressed the responsibilities of a councillor's audit committee role and

expressed concerns about councillors' ability to effectively hold professionally qualified officers accountable.

‘Basically, he was trying to explain what the financial responsibilities are of the council and talking about the role of the internal audit and external audit bodies. But again, whilst it would be useful and whilst he was circulating a copy of the PowerPoint presentation, I still feel there’s a lot more that I need to understand. And maybe over time I’ll pick things up but you know, given that these people have probably got their own external qualifications, you know, the officers and then they will have probably done other local government related training to enable them to understand their role, it just feels weird that district councillors are given a one-hour presentation initially and then more or less told, ‘Hold us to account.’
C24/8

Comparing his experience of on-going training in a highly regulated sector, Contributor 16 perceived a problem with training for the audit committee in his council.

‘I think training is an issue. I think for these committees training is important. Having spent a life in a well-regulated industry, I’m just used to constant rounds of training and working within the guidance whether it’s legal framework or whether it’s industry frameworks.’
C16/21

5.3.6. Continuity of membership

Contributors 1, 4, 9 and 17 discussed learning through continuing membership of the audit committee and the benefits of stable membership in the exercise of the audit committee’s role.

In the perception of Contributor 17, the audit committee in his council was functioning effectively which he attributes to having a co-opted chair and the collective experience of stable membership.

‘So, I think the fact that we’ve got an independent chair means that our committee is pretty effective in terms of how it sits amongst other committees. But yes, as I say, I haven’t got any experience to compare it to. It feels like it’s working pretty well from my side but that’s just my personal experience of doing it. I do think we’ve got a pretty stable turnover, we’ve only had a couple of people swap in and out this year, so, I think that will also help because the committee

will have been together for a year and now, they've got the experience to do that. So, I think it's working pretty well.' C17/58

Contributor 9 was a long-standing audit committee member. Asked by the researcher whether his views had changed over time, Contributor 9 replied that he feels that he has acquired a fuller understanding of the purpose of the audit committee and its role in monitoring spending.

'Probably a little but mostly the thing that's changed is understanding. I now understand more about why audit is there and why we have to audit things than I ever did in the past. It was just money coming in and out. Now I know that we need to find ways to bring it in and to make sure it goes out to the proper places.' C9/10a

Contributor 4 expressed the need for continuity and was concerned that a lack of experience among new councillors could have negative outcomes for governance while new councillors were in stages of learning.

'I am extremely concerned about ... the intake of local authority councillors and their life experience not fitting them, really, to fulfil the roles expected of a member of an Audit and Governance committee. And even if they learn over a period of time, the time that they don't learn or while they're wet behind the ears, things can go awry. That's why you need particularly continuity' C4/56

Contributor 1 perceived continuity and experience within an audit committee to be essential for its effectiveness arguing that, without the contextual knowledge of previous audits, new members would be unable to assess current reports.

'I also think that some degree of continuity is important because otherwise you don't have history to things. And I think part of the problem with audit [committee] is that if you don't know what's happened before and you're not aware of previous issues and previous audits, then actually you're coming and looking at everything from afresh and starting from a blank page. So, I think it does create problems but I also think a level of continuity and a level of experience actually probably is needed for the committee to be effective. I think it would be very difficult for newly elected councillors to actually be able to get a good sense of whether an audit is finding issues that are a problem or not.' C1/31

As a new councillor, Contributor 17 perceived frequent changes of membership to be unhelpful to the effective functioning of the audit committee because it takes time to grasp the complexities of the committee's work and its cyclical nature.

‘The sense I get, obviously I’m a new councillor so, I don’t know this but the sense I get from people is that what happens is often people get put on audit and governance and then they get moved after a year or two and actually after a year you’re only just getting into it. So, I said I would like to stay on this committee for another year, because I think it’s a waste of everyone’s time if you join and then get moved off again because it does take quite a long time to understand what’s going on. And also, obviously it’s cyclical, so, you start to see the same things come back on an annual basis or a six-monthly basis.’ C17/14

5.3.7. Independent Members

The value of independent members was the dominant theme of Contributor 2’s conversation and was present in the conversations of Contributors 5, 6 and 7.

Contributor 2 perceived that independent members add value through the knowledge that they bring to the committee enabling the committee to practice its governance role.

‘We have high level professionals, most of them local, although one does travel from [placename] currently but these terms are not here and they are truly independent. They don't hesitate to say, “Hang on, that's not right. Let's do it a different way.”’ 2/10

Contributor 2 felt that independent members have the background and knowledge to forewarn of risk.

‘So, the advantages of independent members is that they know what they're doing. In the case of [combined authority], they are an ex-Chief Exec of [a city], and an ex-Chief Finance Officer, so, they know what they're doing. They know where the bodies are buried, so, to speak, or potentially where they are. And they can pick things up and almost advise before anything might happen.’ 2/9

Contributor 2 also expressed the view that independent members provide continuity through the changes due to the election cycle.

‘They lend a continuity to a committee where the elected members might change with internal and external elections.’ 2/35

Contributor 2 would like to have more independent members than elected members on the audit committee so, that the independent members could out-vote the elected members, though he had not known that to happen.

‘We have 5 independent members as opposed to four elected members and the [combined authority] we have two independent members to four elected members. But I would like it to be 4. I would like it to be at least equal.’ 2/9

He does not, however, agree with independent chairs because some matters coming to the audit committee need political management.

‘I think there are two sides to local authority scrutiny, of which I count audit as part, and that would be the professional side, that the books are kept well etc and managing risk. But there's also political risk and there's risk of lack of faith by the public, loss of credibility. so, I think there are political decisions to be made as well. Whilst I would never say that the audit committee should be wholly political, there is a political element to it.’ 2/14

By contrast, Contributor 6 perceived an independent chair to be a benefit.

We have an independent chair for our audit committee that's not a councillor. Which is a good thing. ‘6/28

Contributor 5 held an opposite point of view from Contributor 7. Perceiving that independent members added expertise, Contributor 5 used her chairing skills to encourage their participation.

‘We've always had independent members of the committee and they've always been invaluable but they aren't necessarily the public, they are people often who have audit experience or financial background. Quite often I would turn to one of them and say, “OK, I'm not sure about this. What do you think?” Because I'd know that they had a certain expertise and also, you know, encourage questions and things from them. The last thing I wanted was people to come and be silent at a meeting. I don't think they had voting rights but they were as much a member of the committee as I could possibly make them.’ 5/33

By contrast, Contributor 7 perceived a lack of clarity as to how the independent members had been selected and how they contributed to the collective skills of the audit committee.

‘We have started for the last two meetings to have two independent people ... they didn't give an opinion on anything or ask questions. So, if you're going to have independent members, you want to make sure that everybody knows what they're bringing that's different. Is it to fill a gap or not? That's not obvious to me. I don't understand if that was the case or not.’ 7/7

‘I've got no idea if they're former councillors and they know the ropes or if this the first time they've been in that situation.’ 7/31

‘I actually don't even know how they're chosen.’ 7/32

‘If it had been on the basis of a of a kind of skills audit, then it would be clear what each of us had which would be information for them’ 7/33

Contributor 7 added a slightly dismissive comment.

‘I can't even remember their names.’ 7/34

Contributor 7 observed in the minutes of the meeting that the independent Members had not been recorded as present which reinforced her scepticism as to their contribution to the meeting.

‘So, it's always kind of reinforced my feeling that they were, you know, they hadn't yet arrived.’ 7/35

5.3.8. Case Example C7: Individual Training and Skills Audit

5.3.8.1. Case Summary

The dominant theme of Contributor 7's conversation was skills and training. At the time of the interview, Contributor 7 had been a councillor for four years. She was a member of the controlling group and reported that she was the only member of her group to have volunteered for the audit committee. Contributor 7 chaired the audit committee until she was given a cabinet portfolio and stood down as audit committee chair but remained a member. As a long-standing service director in a public service organisation,

Contributor 7 had experience of reporting to an audit committee but, perceiving a knowledge gap, attended a training course with the Local Government Association (L.G.A.). She perceived the outcome of the training to be an increase in her understanding of the audit committee's governance role and her capacity to question. Contributor 7 would have liked to have conducted a skills audit among members of the audit committee but felt constrained from doing so, after she had ceased to be the chair. Drawing on her knowledge of the political culture, Contributor 7 perceived particular difficulties in asking the opposition members of the audit committee to participate in a skills audit and chose not to act.

5.3.8.2. Interview Analysis

Contributor 7 described her prior experience of the audit committee and its functions in a major public sector organisation.

'So, I've worked in [organisation] for 18 years until 2010/11 and as part of that role I was often attending the audit committee as a senior service manager to account for myself, basically. so, I had experience of what audit was and how the both the financial and the kind of audit programme and how the risk register and things like that worked.' C7/2

Asked by the researcher how useful her previous experience had been in exercising her council audit committee role, Contributor 7 replied that her experience had provided essential preparation.

'So, I think it was vital. And just understanding the role of audit and governance. It's called Audit and Governance Committee in our authority and just understanding what they're doing is checking the processes are there and not actually checking the "what's happening" but the "how it's happening". And knowing that, meant I could look for the right things and not waste time on, "So why is this happening?" and also understanding how risk registers work and how they're scored. And management actions taken to reduce risk, not eliminate risk. Things like that I was very familiar with. I felt that was very helpful.' C7/4

Contributor 7 found, however, that while her previous experience was helpful, it was different from the experience of being a council audit committee member.

‘But I must say that having had experience of being on an audit committee as a director, it's completely different being a member when you're there questioning how things are happening.’ C7/37

Perceiving a disparity between her knowledge and the knowledge she needed in order to fulfil her audit committee position, Contributor 7 undertook external training with the Local Government Association (L.G.A.). For Contributor 7, the outcome of having taken the course was positive in that it gave her a greater understanding of audit and governance. Contributor 7 felt that all audit committee members should take the training.

‘I'm the kind of person who, you know, I've just done a full two-hour session on financial governance in the last two weeks and it's something that's a pilot L.G.A. course. And I think everyone from audit and governance should be doing that because it feels like a minimum to me. You could really see how audit and governance could be really helpful to the processes within the authority in just in, you know, maybe the way that information's presented, etc. So, it could be something that's really useful.’ C7/17

Contributor 7 felt she had experienced a positive change in her views through the training which had presented alternative models of practice and increased her capacity to question.

‘I think my views changed through doing the training sessions. I can't remember what the first one was but it covered a bit of governance. I think it was finance for non-finance cabinet members which obviously would have the processes of audit and other processes explained in it.’ C7/20

‘It's the training that allows me to actually question what we're doing in a way that is useful, because it's almost like, you don't know what you don't know. And in a training session, you've got other people there as well as the, you know, expert that's imparting the information and answering questions that you can kind of have a much more rounded kind of reflection about the way that we do things. And you come in and you think, ‘Oh well, that must be the only way to do it.’ And then you realise it's not the only way to do it, there's lots of ways to do it and they have plusses and minuses. C7/21

Following the training, Contributor 7 extended her thoughts to issues of transparency and public accountability.

‘Actually, having done the training, one of the most important things I came away with was, I think, governance, which is about how things are done.’ C7/40

‘And I was thinking that the Audit and Governance Committee, if it's the “how” we do things could be really influential in actually looking at the processes of how that's actually presented. That would, I think, really strengthen being able to be much more transparent to ourselves and then the people who elected us, about how we're actually going to achieve some of the things because it's not about politics it's about promises, fulfilling your promises to people. Is what you tell them possible?’ C7/41

For Contributor 7, the annual cycle of audit committee business, how the audit committee relates to other council functions and the need for a skills audit among audit committee members remained unresolved.

‘The bit that I still haven't got to grips with is what to expect when, during the year's cycle and having a kind of a clear idea how, I'm still not quite sure how the Audit and Governance Committee fits in with other governance structures.’ C7/5

‘And I suppose the other bit that I see as missing is and I don't know who should provide this. I'm putting it at the door of the chair which might be incorrect but making sure that the members have all the information and skills and training that they need especially as we've got lots of new members, new people as councillors, let alone as members of the Audit and Governance Committee. so, I don't think that anyone's kind of looked at the committee as a whole and said, “These are the skills we've got. This is what we're lacking. How do we fill that gap?”’ C7/6

In Contributor 7's perception, an understanding of the collective skill set was necessary for the audit committee to work effectively.

‘A little bit more in my own group but I certainly don't under have an understanding of the opposition's skill set and what they're really good at. So, it doesn't give the foundation of being able to be effective as a as a whole committee. It's almost like we're divided into two halves and not using the best of each of us both to learn but also to be, you know, more effective as a committee together. And I have no idea if that's normal.’ C7/11

Contributor 7 felt that a skills audit for audit committee members would be a way forward comparing her experience of the audit committee with that of being a school governor.

‘I don't know if there has in the past been a skills audit for instance. To use a comparison, probably about 8 years ago, I was a governor of a large, very large secondary school. We as a group of governors, we did a skills audit so, at least we knew together what different experience we had. I'm not aware of that being done but it might have been.’ C7/12

Contributor 7 perceived, however, that she was unable to act. The researcher observed that her speech slowed at this point and she appeared to be choosing her words very carefully as she explained that she would have liked to have asked audit committee members about their relevant skills but felt unable to do so, particularly for opposition members. She expressed apparent relief when she had voiced her concern. Contributor 7 appeared to the researcher to have accepted that action was not possible due to the constraints of the political structure and reluctance to question long-standing audit committee members.

‘If I had continued to be the chair of audit and governance I think I would have, certainly in my own group, been talking to people about what skills they had and what they needed, etc. but I think I would have felt, especially as a brand new council when you've got people who've been sitting there for decades, I think I would have held back on finding that out from other members of the committee. To be honest, I think that's how it would have been, which is less than desirable. There, so, I've said it out loud!’ C7/13

5.3.8.3. Follow-up

A check of Contributor 5's council website one year after the interview showed that Contributor 5 had attended one further audit committee meeting one month after the conversation and then left the audit committee.

5.3.9. Case Example C19: Self-initiated learning

5.3.9.1. Case Summary

Contributor 19 acted to acquire knowledge through various channels and perceived the outcomes to be positive.

At the time of the conversation, Contributor 19 was the audit committee chair in a unitary authority with no overall control and with an elected mayor and cabinet structure. Without a background in a relevant field, Contributor 19 perceived a disparity between his knowledge and that required to fulfil his role as the audit committee chair. In response to this perception, Contributor 19 accessed both internal informal training and external formal training. He also joined a group of audit committee chairs and read relevant publications. The outcome of these actions was that Contributor 19 became motivated to implement improvements in his council's audit committee.

5.3.9.2. Interview Analysis

Using his knowledge of positional relationships, Contributor 19 took action to acquire individual training briefings from the chief internal auditor.

‘So, I wasn’t really prepared for being on audit (committee) because it hadn’t been on the cards right up until that point. So, I had an initial training session with our chief internal auditor. He also gave me a lot of bumf to go through and to try and bring myself up to speed.’
C19/2

Contributor 19 subsequently participated in committee briefings and accessed external training from the Local Government Association (L.G.A.) with the outcome that Contributor 19 felt more secure in his knowledge.

‘We’ve since had other briefings as a committee. I’ve also done training with the L.G.A. so, that initial training was useful and gave me a good grounding. C19/3a

For Contributor 19, a further outcome of the external training was that he felt able to compare his audit committee's effectiveness with that of other local councils.

'So that was earlier this year, I went to Warwick University Conference Centre for training and that was really useful. And also, quite useful to sort of benchmark where [this council]'s audit committee process was versus some of my peers and actually that was quite reassuring.' C19/3b

Contributor 19 joined an audit committee chair's forum and committed to reading relevant publications to keep himself informed of local government issues.

'I got involved with the L.G.A. audit committee chair's forum which meets to discuss issues and I look out for items in some of the public sector press publications that are relevant, the whole infrastructure assets issue, for example.' C19/4

The outcome of Contributor 19's actions to increase his knowledge was his increased motivation to initiate improvements such as revising the audit committee's terms of reference and introducing private meetings with the internal and external auditors.

'There are some changes I would like to make, yes. I do have a list of things that I want to do. I went to that L.G.A. training which sort of opened my eyes to some other ways of maybe doing things and approaching things and whatnot. So, I do have some ideas.' C19/29
'I re-read the terms of reference, because obviously they are presented at the A.G.M. of the committee every year, so, I re-read them at the end of last month. And I realised there's a couple of things that we don't necessarily do, that I'm going to re-institute and one of those things is actually having private meetings as a committee with the internal auditor and the external auditor. So, although I've had personal meetings with them, we've not necessarily done that as a committee. so, that's something that I would re-institute.' C19/30

5.3.9.3. Follow-up

One year later, a check on Contributor 19's council website revealed that Contributor 19 remained on the audit committee in opposition and had attended three of five audit committee meetings since the interview took place.

5.3.10. Case Example C4: Working with Officers

5.3.10.1. Case Summary

At the time of the interview, Contributor 4 was the vice-chair of the audit committee in a district council with a committee model of administration and a member of the controlling group. The audit committee chair was also a member of the controlling group. Contributor 4 had been a councillor for 16 years and had a background in banking at a senior level in a global corporation in which he had established an internal audit function. Enabled by his prior experience, Contributor 4 used his positional power as the audit committee chair to change procurement procedures and his interpersonal skills to work with officers to promote the use of plain English in reports.

5.3.10.2. Interview Analysis

Contributor 4 perceived the procurement process in his council to be unlawful and that line managers were signing off purchase orders and contracts without due diligence.

‘And frankly, one of the very first big hits I got, I found that within [council] in the early days, it took about three years to do but the procurement process was frankly not legal. And it wasn't that they didn't know. What was happening was that line managers who've been used to signing off purchase orders and quite hefty contracts as well without due diligence without looking at what the constitution and in fact the guidelines on public finance required them to do, were just carrying on willy-nilly.’ C4/18

In Contributor 4's perception, it was important to develop listening skills and to invite people to participate in finding a solution:

‘You have to develop listening skills, looking skills and don't jump in with solutions. Invite people to participate in getting a solution. And so, even though I was a non-accountant and probably quite resented when I first checked, by working with people, listening to them, encouraging them to think about end-to-end processes and getting the best result.’ C4/17

Contributor 4 used his interpersonal skills to gain the cooperation of officers and change procedures.

‘So, the process of change started by me listening, learning, getting to know people and so, on and so, forth. Once I was able to demonstrate that I wasn't tying people's hands, I was actually empowering them and this is the building maintenance contracts. But I was able to help empower them to do their job better, with less stress, without having to hide things, they could be totally open. And one of the things that people who know me will get used to is that I admit I make mistakes every day, so, other people shouldn't be frightened of admitting they've made mistakes, that unless it's criminal offence, he's not going to get sacked over it.’ C4/20

Contributor 4 described the financial management culture that he believed should be in place.

‘But we gotta look at remedial action. How do we do things better? And so, one of the other phrases I've used a lot in my careers is, you know, people talk about culture. And the simplest definition of culture that I know is it's “the way we do things around here”. In local government I was able to say, “Well, you've got a constitution, you've got finance guidelines that should be the way you're doing things. Why are you trying to do things differently, which is causing you effort, anxiety, worry?”’ C4/21

The researcher asked Contributor 4 how the audit committee fitted into this style of financial management. Contributor 4 replied that, at first, the reports presented to the Audit Committee were not sufficiently enabling of the committee's governance role. Contributor 4, from his positional power as chair, addressed this issue through questions to the officers presenting the reports.

‘It was literally just something that existed under the constitution to which officers would grudgingly give reports which were paper thin. I mean, this is where all my questions were coming from. Well, you know, “What does this figure mean? How did you derive the figure? How confident are you? Where's your confidence limit on this million pounds that you're going to invest with a counterparty?” And so, on and so, forth. So, it ranged really all the way through from just going about something. The bought ledger, you know, “What are you buying in? How are you acquiring that? What safeguards do you have? How do you bring the expenditure to account when payments

are due? So, when you get to the year end and you've got an external auditor coming in, how confident are you that your accounts are going to pass muster?" C4/22

Contributor 4 worked with the officers as they prepared reports for the audit committee to mentor them in using plain English.

'So, what I did and as part of my listening and learning process, was to sit with the officers when they were preparing reports for audit committee. So, if they start to use acronyms, I say, "Well, what is that?" I can act dumb like anybody else say, "Well, what does that actually mean?"' C4/41

'And I mean a simple thing like "CIPFA". What does that actually mean? So, they say, "It's the Chartered Institute of Public Finance". So, you say, "OK but what do they do?" Eventually they get the impression or sorry, they get to understand that if I'm like that, the chances are everybody else in the committee's like that. So, you've got to keep it simple.' C4/42

'It's a slightly more lengthy process but it's easier to write understandable minutes what has transpired at committee and therefore when you present the recommendations at full Council, the chances are that everybody in the Chamber can actually understand that recommendation you're presenting that needs a vote of full Council. And so, there's a flow through into other issues as well.' C4/43

Contributor 4 related how a new section 151 officer, unaware of the 'plain English' expectation in his council, presented a report containing technical language.

'The section. 1.5.1 had only been in post six days before he came to his new audit committee and he presented a report, which took me back a few years and I had to say to him quietly after the meeting ... 'Don't do that. You'll lose them. Keep it simple.' So, I took him through all that and he was OK.' C4/46

5.3.10.3. Follow-up

At the local elections, one month after the interview, Contributor 4 did not stand for re-election. The researcher read the audit committee meeting reports of an audit committee meeting in November 2022 at which Contributor 4 was present and of November 2023, six months after Contributor 4 had retired. The researcher was unable to draw any conclusions from the reports as to whether Contributor 4's reforms had continued after his retirement.

5.3.11. Case Example C9: No action needed

5.3.11.1. Case Summary

In Contributor 9's perception, the audit committee in his council was working well and no action was indicated.

Contributor 9 was interviewed as a part of the pilot exercise and was known to the researcher. At the time of the interview, he was a member of the controlling group in a small borough council with a cabinet model of administration.

5.3.11.2. Interview Analysis

Contributor 9 was a highly experienced member of the audit committee with a background in the building trade.

'I've done my own accounts as a plumbing and builder type person over the years and I've always kept my tax up to date and so, far, correct. so, that's about all.' C9/1

Contributor 9 had found audit committee business to be different from his expectations.

'Audit (committee) is something that surprised me when I first joined it, because it's not the money you have, it's how you're going to spend the money you have, which is a lot different from the fact that you've got a handful of money. So, it its money coming in, money holding, very temporary usually and then money going back out.' C9/2

Contributor 9 perceived that the political balance of the audit committee is a strength but a weakness is that some members fail to attend the training provided because they fail to understand that the audit committee plays a role in financial sustainability.

'But that's one of the strengths, of course, because it's across parties, it's not run by one particular party. So, there's the strength there, because in fact you're actually making sure that each of you looks to the money of the Council. Weakness, well, perhaps the weakness is people don't often understand what audit's all about and we do have training. I've been through training twice, actually. But most people,

if they don't go to the training, they just think audit, well, that's money. Nothing to do with me or nothing I should be bothering with. But, of course, we all need to be bothered with that because that's how any council or any county council that comes to that survives their day-to-day and their long-term money needs.' C9/7

Contributor 9 perceived the audit committee to be an effective financial control.

'Sometimes and we see it mostly with government, large amounts of money can be spent without asking anyone how or why. A little further down the road, of course, we find out that that money was either wasted or spent wrong. So, audit (committee) has to be there and if it isn't there and it isn't used, we're in a position where we can find ourselves at a great loss with nothing to show for it.' C9/10b

Contributor 9 felt that the audit committee in his council was functioning effectively and that audit committees in general should not be changed in the interests of short-term political expediency.

'I think the words that come straight to my mind if it isn't broken, don't fix it, because quite often when something gets fixed, it's then broken. so, really, all the time some particularly small council like this one, all the time their audit committee works rightly and properly, there's no reason to do anything to it and quite often, of course, with governments, they only look at short term, because they're only in for five years, so, they only look at short terms and what they can do now to make them look better. Whereas, of course, an audit thing is going to be something that's going to be there for years and years.' C9/13

5.3.11.3. Follow-up

A check of Contributor 9's council website 18 months after the interview showed that while Contributor 9 had changed political party, he remained a member of the audit committee with 100% attendance.

5.3.12. Outcomes: Capacity to Question

Contributors 5, 6, 15, 18, 19, 21, 22 and 24 perceived a lack of capacity among audit committee members to appropriately question reports and that the lack of comprehension weakens the audit committee's effectiveness. Contributors 3 and 17

perceived the audit committee in their councils to be functioning well and viewed the sum of all the members' skills to be appropriate to the audit committee's function.

Asked what her views are regarding audit committees, Contributor 18 gave a strong response.

'I think it's a load of bullshit.' C18/6

Contributor 18 proceeded to explain that her view of the audit committee in her council arises from her perception that the councillors who sit on it lack the knowledge to interrogate the reports put before them. Despite having a finance background, Contributor 18 perceived herself to be limited in her ability to know the queries to raise.

'And it could be a load of bullshit because we do not have people of the right calibre on the committee. And that is it. A committee is only as good as the people that can ask the right questions. And even with my finance background, because it's not accountancy you see, I feel that I'm not adding as much value. I have spoken to the vice chair for my party and I've just said, "We don't know what we don't know and if you don't know what you don't know then you don't know the right questions to ask to scrutinise."' C18/7

Contributor 18 expressed frustration with her inability to question effectively due to a lack of understanding.

'We can't hold them to account and we can't challenge them because of our lack of knowledge.' C18/10

Contributor 22 also perceived weaknesses in audit committee membership. From past experience, Contributor 22 perceived that some members failed to prepare for meetings. While this applied also to other committees, the lack of preparation could impact on the audit committee's effectiveness.

'The weaknesses are the membership.' C22/17

'If they are not proactive in the way they approach the committee, then there's a danger of things being missed and not being challenged. That equally applies to most other committees. I knew of members when I was previously a councillor who it was blatantly obvious hadn't opened their papers before the meeting. They hadn't

read them before the meeting, they hadn't raised with officers technical questions. They were raising questions, during the course of the meeting, technical questions that they should have raised in advance, "What does this mean?", "Why are we doing that?" And so, it was pretty darn obvious that they hadn't read their papers.' C22/18

Contributor 19 perceived a tendency to fail to differentiate between policy issues that are the business of the Overview and Scrutiny Committee and the overall control and governance environment which are matters for the Audit Committee resulting in inappropriate questions being asked. Contributor 19 attributed this tendency to the dispositional frame of politicians.

'I think sometimes there are particular bugbears that as politicians we might get hung up on that aren't necessarily a huge part of the accounts or making a huge difference. And coming off the back of that, I think there is a tendency and I'm going to hold my hands up and say I probably do this as well, a tendency sometimes when we're looking at things, to sort of go into scrutiny mode rather than assessing- you know, are we assessing the control environment or are we actually asking questions about this expenditure or that detail of policy?' C19/21
'And I think that is probably just inherent in the way a politician's mind works.' C19/22

Contributor 21 doubted the possibility that audit committees could achieve an adequate capability to question since councillors rarely have a professional audit background.

'I think because audit is a very specialist role and unless you're actually trained as an auditor how are you going to really know what are the questions to ask? What are the things that you're not being told? What are the red flags that aren't being flagged up? And so, I don't see that an audit committee is ever likely to succeed. But yes, I don't think that councillors are ever likely to have those skills because we are not auditors.' C21/5

Contributor 5 perceived that, while councillors are not necessarily experts in specific fields, they have a good general understanding of many areas and, supported by constructive working relationships with officers, councillors can ask good questions.

‘I think that's the difficulty, isn't it? As councillors, we're not professionals in that same way, we're sort of expert generalists, if you like. We know lots of stuff about lots of things but we're not generally accountants or auditors or indeed social workers or librarians or any other committee we're on. All you can do is ask good questions, recognise when staff are being helpful and try to engender a culture where the staff, the officers, want to help you.’ C5/31

Contributor 6 offered a similar perspective, suggesting that recognizing when clarification is needed and asking questions to aid understanding is more important than technical qualifications.

‘You don't have to be an expert in it, I'm not an accountant but you need to know when to put your hand up and say, “Can you explain this for me, please? It doesn't quite make sense.” I think that is what needs to be done.’ C6/16b

Contributor 15 would not allow herself to be embarrassed at asking questions when she needed explanations.

‘I always admitted that I was going to ask simple questions and not feel embarrassed about it, you know?’ C15/41

Recalling an instance in which she had used incorrect terminology, Contributor 15 felt she had been corrected politely. Despite the perception that her questions might be perceived as unnecessary, Contributor 15 expressed her intention to continue to ask questions, acknowledging that other members might find such a situation more difficult.

‘I remember there was one year a few years ago when I asked about- I used the wrong phrase and they were very polite and explained that they used a different title for something. Sometimes I think if I'm asking a few questions that maybe our experienced finance staff think, “Why is she asking that?” Sometimes I get that sense from our internal finance staff but again, I don't mind. I'm a very robust person, so, even if I think that they might be making me feel slightly uncomfortable it's not going to affect me. But it would maybe affect others possibly.’ C15/42

With considerable experience on the audit committee of his council, Contributor 21 reported that he initially relied on more experienced colleagues but gradually realised that

they did not fully understand the reports or know what questions to ask, leading to his current doubts about the audit committee's effectiveness.

‘I’ve come to them [these views] over a period of time. I’ve been a councillor for over twenty years and sat on audit committees for a lot of that. But I’ve really come to it by looking at reports and thinking when I started off, “I don’t really understand what this is telling me. I’m going to listen to the more experienced councillors and learn from them” and then realising that, actually, nobody on that committee understood what we were being told and nobody had any questions to ask.’ C21/8

Contributor 24 felt in a weak position to perform his audit committee role and observed that other members did not ask questions.

‘It just seems as if we’re very much in a weak position to effectively do our job. That’s my honest opinion at the moment.’ C24/9
‘The majority of people at the committee, the councillors, didn’t really ask any questions whatsoever.’ C24/17

Contributor 24 perceived the knowledgeability gap between the officers presenting the reports and the councillors reading the reports to be a constraint on the ability of audit committee members, including himself, to question effectively.

‘But for some reason, given the importance of audit, standards and governance and given the fact that it’s quite a complex area, to expect lay councillors to hold financial experts to account and I’m not talking just about the chief financial officer, you know, it’s the internal auditors, the external auditors, they’re all submitting information. They are all qualified people and here we are, newly elected councillors, it’s a bit like, “Well, hold them to account.” And you’re thinking, “Well, I don’t understand this.”’ C24/39
‘All I can say is, I don’t feel fully equipped to hold them to account.’ C24/48

Contributors 3 and 17, however, perceived the audit committees in their councils to be functioning well.

Contributor 3, a Chief Finance Officer (C.F.O.) of a large company, described having initially had low expectations of the audit committee in his council but found it to

be more effective and professional than he had anticipated and he perceived it to be operating close to the high standards to which he was accustomed in the corporate sector.

‘It [audit committee] was working better and more professionally than I anticipated. I think that's a fair comment. I expected it to be a bit more shambolic, a bit less professional, because when you're the C.F.O. of the 25th largest company in the stock market, you demand a high standard, obviously. But to be fair to [this council], they seem to be pretty close to those standards so, I have no particular grounds to criticise.’ C3/26

Contributor 17 acknowledged that audit committee members possess varying degrees of understanding of the reports presented to them but perceived that the diversity of membership of the audit committee in her council contributed to a balanced approach in audit committee business.

‘I think there's definitely three of us who probably get it a bit more and then four who don't really. But I think the beauty about this kind of stuff is it's not just about numbers, it's also about other forms of governance. And we all have something quite different to offer. I quite often ask about the culture questions. We've got a couple more technical people who will ask more sort of technical questions. So, I think the balance works quite well.’ C17/13

5.3.13. Outcomes: Concealment of information

Contributors 2, 4, 13, 17, 18, 22 and 23 expressed concern that officers might exploit councillors' lack of understanding in order to conceal sensitive matters.

Contributor 2 was concerned that officers may not advise entirely neutrally.

‘Well, I view it rather like cops and robbers. That the robbers are always one step ahead. Now, I wouldn't really liken finance officers to criminals but you get my meaning. So, I'm sure they know vastly more than I do. But then as Chair, I have a committee and I have officer-advisors. I'm never sure which side the officer-advisors are on.’ 2/3

Contributor 18 was outspoken in expressing her perception that officers would deceive councillors because of audit committee members' lack of knowledge but then qualified her assertion stating that, in her council, they do not.

‘I think they (officers) deliberately will cast the wool over our eyes on things because we don’t know the right questions to ask.’ C18/8
‘I sense actually they don’t take advantage of it to be honest, because we are one of the strong boroughs. You know, in light of so, many boroughs going bankrupt and stuff, I get the impression that we’ve actually got some really good guys in there. I just think it’s not so, much that they’re taking advantage of it, I just think we’re just not able to hold them to account. That’s it.’ C18/11

Contributor 22 perceived a need for awareness that concealment can occur and this motivates him to read the audit committee papers and be observant.

‘But I have had getting on for fifty years of training in various aspects. And also, I was quite high up in local government things. So, I know the system, I know how the system works, I know all the tricks of the trade because I’ve done most of them, yes? And so, I am able to understand what’s going on. And because again I know the background importance of it, I do read all my audit papers and I do keep an eye on all the decisions that are coming out elsewhere and things.’ C22/25

Contributor 17 was also concerned about the potential for important matters to be concealed within lengthy reports.

‘What are they trying to bury? If they’re sending me a report that’s 100 pages long, what are they trying to hide in there that they don’t want me to see?’ C17/10

Describing her perception that material issues could be concealed within long reports, Contributor 13 cut short two sentences containing the word ‘hiding’ which the researcher interpreted as hesitancy to express her unease with its implications for the integrity of officers. Her unfinished sentences are shown in the following extract as dashes.

‘There’s an awful lot of superfluous text put into reports. Whether that’s a sort of hiding things in plain sight but it means that there is a - I’m personally a great believer in keeping things simple and providing that sort of summary without going into a lot of convoluted things and hiding - you know, use of visuals rather than explaining things in an awful lot of words. C13/17

Contributor 4 was less reserved in expressing his perception that serious matters could be concealed in lengthy reports.

‘I don’t think there’s anybody that has even been on a plain English course that does the reports. And they are not written in a way that engages. You have to be careful of the old officer trick of hiding stuff halfway through a very long, boring report. That’s one of the problems. Don’t get me wrong, I’m not criticising officers, I’ve done it.’ C4/20

Describing the time pressures of working full-time and being a councillor, Contributor 23 perceived a duty on officers to draw important matters to the attention of audit committee members and the lack of capacity of councillors to uncover any matters that are concealed.

‘I therefore rely on the officers, not only to be entirely truthful with me but to draw my attention to things that are deserving of my attention. I’m not suggesting that people do conceal things but if people did conceal things there would be no way that I could uncover it. It’s just not going to happen.’ C23/18

Contributor 23 proceeded to give an example of a major project for which costs escalated over several years but was, in Contributor 23’s perception, deliberately withheld from the audit committee.

‘This (project) would have been known about for a long period of time and should have been brought to our attention. Whether it was known about by senior management or middle management, at what point, who knew what, I don’t know. But clearly audit committee wasn’t kept properly informed. We were allowed to believe it was okay when it clearly wasn’t. And that’s the sort of thing I mean. It’s almost like the idea is to keep this information from audit committee so, as to avoid trouble.’ C23/22

Contributor 18 explained her perception that officers assumed that councillors lack sufficient knowledge to question effectively and that audit committee members passively agreed reports without understanding them, a situation that had not been challenged.

‘I think they assume that we don’t know enough and I think they know it. I think no one has tackled the fact. And I believe it’s paralysis. You can have a nodding dog syndrome really. And I think that’s it. I don’t think many people understand it, even the chair, the vice chair who is the independent, I don’t think they understand it.’ C18/25

5.3.14. Summary of The Schleswig-Holstein Question

Issues relating to the capacity of audit committee members to fulfil their role were the largest subject area by the number of contributors who raised it.

A small number of contributors acted in respect of equipping themselves and others with the necessary skills. Among those who arranged their own external training, that offered by the Local Government Association (L.G.A.), was perceived to be useful with an outcome of increasing contributors' capacity to question and to make improvements in the practices of their own council audit committees. Some contributors expressed reliance on audit related skills and knowledge that they had acquired in other sectors or through experience on their council's audit committee. Of these, some assisted colleagues or worked with officers to improve the comprehensibility of reports. Contributors who had mentored others perceived positive outcomes from their interventions. There were contributors who perceived a lack of training but took no action to acquire it. The outcome for those who did not access training appeared to be a sense of acceptance of their own or other members' lack of skills.

Contributors perceived themselves or others to be in a weak position to perform their audit committee roles effectively, perceiving that many audit committee members do not ask questions and attributing this to a lack of understanding or failure to engage with audit committee meetings with negative impacts on the audit committee's governance role.

Contributors perceived reports to the audit committee to be excessively long and complex, such that councillors felt inadequate in fulfilling their audit committee role of questioning reports and holding financial experts to account. Contributors with relevant experience in other sectors reported dependence on their prior knowledge. There were frequent expressions of the inadequacy of induction training in councils. The perception of

the lack of competence to appropriately question reports gave rise for some contributors to a concern that officers had the ability to conceal important information in the body of lengthy, technical reports with the knowledge that councillors either lack the skills to understand or fail to read the meeting papers, weakening the governance and accountability roles of the audit committee.

5.4. THE PARTY HAT

5.4.1. Perceptions of Positional Power Relationships

The third theme, ‘The Party Hat’, clusters contributors’ perceptions of the network of positional power relationships within which audit committees operate and that control, enable and constrain the agency of audit committee members. The title of this theme is taken from the conversation of Contributor 6 who used the expression to communicate that audit committees should be conducted in a non-partisan manner but sometimes were not.

‘On audit board people don't realise, you can't wear your party hat there, right?’ C6/5

Contributors perceived audit committee effectiveness to be dependent upon the individual chair's leadership and the political balance of the audit committee. In the perceptions of many contributors, chairs used their active agency to control agendas and discussions, directly influencing audit committee effectiveness. While some contributors perceived the audit committee in their councils to be acting neutrally, others viewed political proportionality as giving structurally embedded control to the administration and constraining criticism.

5.4.2. The Positional Power of the Chair

Contributors 1, 5, 6, 15 and 23 perceived the chair of the audit committee to be a key factor in the committee’s effectiveness.

Contributor 15 perceived a critical role for audit committee chairs, stating that appointing a competent Chair can determine the committee's effectiveness.

‘Chairs can make or break committees. You put a good chair in and you’re more than halfway there. You put a good chair in and you’re 70% there. That is a key thing about audit committees - get the chairs right.’ C15/58

Contributor 1 described the audit committee chair in his council as a longstanding member of the controlling group in the council who tended to prioritise issues according to personal interest rather than considering the broader remit of the committee.

‘The Chair is one of the longest-serving councillors on the [controlling group] benches and is fairly independent-minded but only really cares about the issues that he cares about and doesn’t necessarily have a holistic approach of what the committee needs to be doing.’ C1/27

Contributor C1 perceived that the chair had considerable power concerning the agenda and discussion such that if the controlling group wished to conceal a matter, the opposition would have little likelihood of being able to uncover it.

‘For audit and risk the challenge is of the committee Chair. I mean, the Chair basically can control discussion, can essentially allow or disallow items on the agenda and has a huge amount of power. And I suspect is having a lot of meetings outside of the committee meetings in private with the head of audit and with members of the audit team. And so, if there are things that the Chair is being told and being asked not to share, there’s no way that- particularly as opposition councillors, there’s no way we would know about them.’ C1/28b

Contributor 5 observed that audit committee chairs tend to have individual styles of chairing. In a discussion with an audit committee chair in a different council, Contributor 5 felt overawed by the other chair's strong grasp of financial matters.

‘But you know, different chairs bring different things. I mean, I met the Chair of audit at [authority name]. She’s a trained accountant and the way that she runs her committee just terrified me because she was much more in tune with all the figures and things. And she said, ‘When I asked them to drill down and ...’ and I just said, “Ooh!”’ C5/30

Contributor 23 explained that, in his council, the chief whip for the controlling group was also the chair of the audit committee. Contributor 23 perceived this to be a conflict of interest that undermined the ability of the audit committee to fulfil its role effectively.

‘And in [this council] until just recently we had the utterly farcical situation where the chair of audit committee was the [Party A] chief whip, the chief whip being the person charged with maintaining discipline and order in the group was the chair of audit committee. So, he’s hardly in a position to be a challenging audit committee chairman when his role is to maintain discipline in the group.’ C23/7

5.4.3. Political Proportionality

Contributors 2, 22 and 23 perceived that political proportionality, embedded in the structure of the audit committees, favoured the controlling group with negative impacts on audit committee independence and potentially creating a conflict of interest for audit committee members who were also members of the controlling group.

Contributor 22 observed that the rules on political proportionality gave the controlling group an inbuilt majority on the audit committee creating a conflict of interest to audit committee members who belong to the controlling group.

‘The majority of the audit committee are members of the ruling group, because it’s a politically balanced committee. How much are they going to challenge the actions of their own group?’ C22/21

Contributor 23 observed that the political dimension of councils, which is not present in the corporate sector, could lead the audit committee into political issues outside of its remit and present a conflict of interest should members of the controlling group find it necessary to criticise the administration.

‘Unlike audit committees in most large corporations, in the public sector membership of the audit committee is comprised of councillor members based on political proportionality.’ C23/2

‘[Party A] have the built-in majority. It, therefore, as much as it should not be a political discussion, it cannot help but drift into political considerations. Because in the event that it’s necessary for the audit committee to be critical of the administration or to say and do things that are not helpful to the administration, it becomes very difficult for audit committee members to do that when they are members of the [Party A] group. In a sense they are attacking their own group. C23/6

Contributor 2 distinguished between being a representative of his party group and representing the council irrespective of party membership and felt that the principle of representing the council should take priority over political proportionality.

‘I think one of the problems is that we have to have full representation of the different parties. And my stance has always been that if someone is elected at annual council, they are representative of the Council whatever party they are, whichever part of it they belong to, whether they're Liberal Democrats, Tories, Labour, that they represent the Council. The official view is not that and it's that we should have proportionality amongst the political parties. I'm not sure why that is except we are a political body. But in this case, I think that we should be representative of the authority.’
C2/7

5.4.4. Information Control

Contributors 1, 21 and 23 perceived grounds for councils to be reluctant to disclose certain information for fear it might be used by the opposition.

While perceiving desirability in having opposition councillors on the audit committee, Contributor 1 perceived a reluctance in the controlling administration of his council to provide information that could be used as political opportunity for the opposition, a dimension which he understood to be unique to local councils.

‘So, I think it’s important to have opposition councillors on audit and risk committees but at the same time I can also see why the controlling administration kind of goes, “Right, well we don’t want them knowing about things” or “we don’t want them using this as political campaigning material.” So, it is a difficult challenge, I think to be open and honest but also to reflect the fact that you’ve got different parties and you’ve got an opposition that wants to basically get them out of office. And so, I think there’s a challenging dynamic there and I don’t quite think that happens in other organisations because you don’t have that same level of competing priorities.’
C1/30

Contributor 23 recounted an incident in the audit committee where a matter was moved into a private session (‘Part 2’) due to its supposed commercial sensitivity.

Contributor 23’s group, from a position of being in opposition, believed this was done in

order to avoid political embarrassment. Despite opposition objections, the motion was supported by the chair and passed with the votes of all members from Party A, which, under the rules of political proportionality, had the largest number of members on the audit committee. Contributor 23 argued that nothing discussed in the private session justified the use of a Part 2 exclusion of the public. In Contributor 23's perception, political considerations impaired the functioning of the audit committee.

'We were in private session for two hours. There was not a single thing said that couldn't have been said publicly. C23/12
So, it proved that there was absolutely no justification for that. So, your question was, how do I feel the committee works. I think there are factors that mean it doesn't function as well as an audit committee might normally do in a commercial organisation where you wouldn't have those political considerations.' C23/13a

Contributor 1 discussed at length the political dynamics within the committee, noting that the controlling group often lacked motivation to thoroughly investigate problems, preferring to present its operations as functioning satisfactorily. Contributor 1 criticised the frequent use of Part 2 sessions, where matters were discussed confidentially with, in his perception, insufficient justification and automatically supported by members of the controlling group who formed the majority of members on the audit committee.

'I think the other thing is that the political nature of the committee, where the majority of the members are [controlling group], there sometimes isn't necessarily the motivation to actually dig into problems and dig into things, because their line is everything is going well, everything is fine, there aren't any issues. And they very much don't like public accountability or public discussion of some of those failings. So, even if there is a big problem, the chances are they'll put it into a Part 2 paper or a Part 2 meeting and then members of the public can never know about it. so, actually, I think from a public accountability and a public scrutiny perspective, there's a lot of problems with the idea that you can keep things confidential.' C1/9

Contributor 21 felt that the audit committee in his council should have been informed of an irregularity but the matter was withheld.

‘There was a number of officers who had to resign over inappropriate financial dealings. The audit committee should have been made aware of that.’ C21/9

5.4.5. Partisan Loyalty

Contributors 1, 2, 4, 6, 7, 8, 14, 18 and 21 discussed their perceptions concerning the impact of partisan loyalties on the governance role of the audit committee expressing perceptions regarding the extent to which partisan politics influenced the functioning of the audit committee in their councils.

At the time of the interview, Contributor 1 was in opposition and perceived the audit committee in his council to be inherently partisan.

‘I think the political dynamic makes a real difference and the fact that you’ve got members that are from different political parties and there’s- I can’t deny this. The audit committee is looking at things and if things have gone wrong there’s a political message there or there’s an opportunity for us there to highlight failures in the council.’ C1/29

Contributor 4 was concerned at the potential for partisan interests to override the governance role of audit committees particularly during the approach to local elections.

‘You see, this is what I’m absolutely concerned about is that people new to local government or people who just want to play politics will actually mislead people, particularly the elected members. They won’t mislead the accountants or the finance teams but they will tend to mislead and particularly now we’re in election time. ... I’m immensely frightened of people playing politics with council finances and then with the audit process and the governance process within local authorities.’ C4/33

Contributor 8 perceived that the imminence of local elections had played a part in political behaviour at audit committee meetings, particularly as her party group, at the time of the interview, had only a very small majority.

‘So, I think it depends on the electoral cycle. If people know there’s an election coming up and they think they can score a few points, even if it’s in a committee like audit and standards where nobody really is interested in the public, probably they will.’ C8/11

‘I think because [council name] is a very political city. And very close in political numbers on whether we keep control in May or whether [other party group] take it, it's very close so, they're using everything they can.’ C8/12

Contributor 8 also, however, perceived that, despite a politically tense environment due to pending local elections, a financial risk report was not politicised by the opposition because financial challenges in local government are widely recognised providing a lesser political resource for the opposition.

‘The report that came this time about the finance and financial risks and stuff, actually, it wasn't so, much political capital because everybody knows things are hard in local government.’ C8/13

Contributor 21 noted the presence of specific councillors who engaged in political rhetoric during audit committee meetings, even when there was no audience. Contributor 21 links this behaviour to his dislike of audit committee meetings.

‘We have a couple of councillors who are very good at playing to the gallery even when there's nobody in the gallery. And they will sometimes pick up on a point and go on and on about it, which is often a non-point, so, there is political grandstanding. And yes, to an extent that's expected but that's just another reason I'm not a huge fan of the audit committee.’ C21/18

The researcher asked Contributor 21 whether this behaviour impacted on the audit committee's governance role. Contributor 21 responded that she perceived political behaviour to be a hindrance to the audit committee's governance role, arguing that addressing matters in a more collaborative manner would reduce defensiveness and be more effective.

‘If there are points, they could be done in a collegiate way and they would probably be dealt with much more effectively. When somebody has to grandstand about something it tends to put everybody else's hackles up, so, the controlling group then become very defensive about the council rather than saying, “Actually, do we have an issue here and is this something that we need to deal with?” So, I don't think that that actually achieves anything.’ C21/19

Contributor 7 perceived potential advantages in adopting a more collegiate approach, pointing to the need for challenge but in a spirit of working together and building working relationships but retaining challenge and without collusion.

‘I don't know if it says the audit and governance is apolitical. I don't think that we've got that kind of culture yet because we're a new administration and they're not very happy about it I suppose. So, it takes time to build relationships and trust but I think that's something that we should aim for even if we can't get it with all members. How do we build that good working relationship without colluding with each other? Yeah, maybe I'm being too idealistic but that's what I think would allow it to work better.’ C7/27

‘The last thing I'd want, as somebody in a new administration, is that there isn't a challenge because that's there to help us do a good job, as uncomfortable as it might feel sometimes. But getting your head into that space that you can be open in the way that you work together is something that I would hope we would be able to develop.’ C7/28

Contributor 6 spoke strongly in advocating the setting aside of partisanship in order to focus on the audit committee's role in local governance.

‘The councillor will turn up and might think, “Oh, I can't say this, I need to protect my party from embarrassment.” No. On the audit board, you gotta protect the residents' money from rubbish decisions.’ C6/14

Contributor 19 was of the view that the audit committee in his council is not used for political purposes. Contributor 19 reported that despite occasionally needing to address members who attempted to introduce political points that, overall, the committee was rarely used as a political forum.

‘Is it used politically? No, I don't think it is, I genuinely don't think it is. I have once or twice had to chastise members for trying to bring political points into committee or there are one or two members who will ask questions which are borderline political when they are questioning officers. But generally, and genuinely, it's not being used as a political forum.’ C19/40

Contributor 13 perceived the audit committee to be relatively politically neutral and that criticisms are more likely to surface in full council meetings. Contributor 13 points to

potential communication issues within controlling party administration and hints that these issues could also be present within his own group.

‘I think it’s fairly neutral, actually. I think we’re quite good at that in [this council]. I think in general with most of our committees we are quite good. There are some areas- obviously we do get criticised but I think most of the political noise will come out in a full council meeting but most of these sort of committees are actually relatively reasonable. Although obviously with a [controlling party] administration I would say that there was a potential that things weren’t being communicated across properly but that could have been also within my group, which could be another issue.’ C13/19

Contributor 14, a councillor in opposition, perceived that much of the committee's direction is influenced by the majority group but feels that the committee generally functions well, with minimal conflict based on political affiliations.

‘And I guess as well being a [party A] councillor on a [party B]-led council a lot of it is driven by them. Although I would say actually that it’s one of those committees where we do work pretty well together, there’s not really conflict on that basis.’ C14/4

Contributor 14 observed a political diversity of members on the audit committee in his council which he perceived to be a strength.

‘I think it’s a strength that there’s quite a broad membership. There’s membership from the various different parties, the independent members as well. And I think they’ve got quite a broad remit, which is a strength as well.’ C14/23

Contributor 18 felt that the audit committee in his council remained non-partisan because of a lack of comprehension among its members and that politicisation was transferred to other areas of the council where members have a better understanding.

‘I believe that the audit committee isn’t operationalised politically because we don’t understand it. We might have some knowledge but to do that you then would have an enmeshment or if you like thesis, antithesis, a synthesis. You can then break it down, build it back up and say, “Aha, this is what’s happening, this is what’s happening in the political landscape, that’s why that is and this is what we need to do.”’ C18/28

‘To be able to do that, you truly need to understand. And I therefore believe that it’s not politicised because they don’t understand it.

Because there are other elements in the council, in our party, that are politicised and those are the areas where people truly understand stuff.’ C18/29

Contributor 17 perceived the audit committee in his council, under the chairmanship of a co-opted chair to be relatively non-partisan.

‘The other thing I liked about it is that it’s not very political. What I like about audit and governance is it’s very collaborative. We all sit round the same side of the table, sometimes I sit next to [Party B] colleagues, sometimes I sit next to [Party C]. We have an independent chair, he doesn’t know which party anyone is from, really.’ C17/7

In common with Contributor 17, Contributor 16 found the audit committee to be reasonably apolitical.

‘It was relatively neutral. Relatively neutral, yes. I guess when you’re looking at internal audit, that’s apolitical in many senses, that’s what’s going on in the other side of local government rather than the political side of local government. Financial audit, that could become I guess more politicised. But it wasn’t at the meeting I was at.’ C16/37

5.4.6. Personal resilience

Contributors 2, 3, 6 and 17 raised perceptions that personal resilience and peer support were necessary in managing the conflicts of interest arising from the tensions between the political dimension and the audit committee’s governance role.

Contributor 17, whose council was under a s.114 notice at the time of the interview, perceived a culture in his council of not wanting to make trouble, implying that there could have been better oversight and scrutiny if people had been more motivated and expressed cynicism concerning a reluctance to address issues unless forced to do so.

‘But the culture doesn’t just happen like that, it takes years to create those kinds of cultures and it takes years to get rid of them. So, I’m pretty sure that there could have been more scrutiny if anybody could have been bothered. But that sounds very harsh, I don’t mean it entirely that way but part of me is a little cynical that people don’t want to create hassle unless they have to.’ C17/38

Contributors 2 and 6 perceived a need for personal resilience and self-confidence in exercising the audit committee's governance role which may involve questioning or criticising their own party group's administration.

Contributor 2, as the chair of the audit committee and a member of the controlling group, described a general perception among other councillors that her role was independent from her party group and she reported feeling secure in criticising the authority if necessary. Contributor 2 perceived that, since it may involve criticising of her own party group administration, her audit committee role required support and self-confidence but that the position should, nevertheless, be held by an elected member rather than a non-elected co-opted chair.

'We're in control in [council] but in as much as I'm chair of the audit committee, I'm independent in that role. I'm seen to be almost on the side of the angels, really. But I am recognised as potentially a critic of the authority. And so, I feel safe in that role to criticise the authority and I think it's recognised that, if necessary, I would do that. It does need to be a politician who is confident and supported. I recognise that might not always be the case. But I think nonetheless it should be an elected member.' C2/16

Contributor 6 perceived that asking challenging questions in his council can lead to being perceived as a troublemaker his own party, even in a position of strong political control.

Contributor 6: Ask a difficult question and you get earmarked as a troublemaker.

Researcher: By whom? Your own party or the other party?

Contributor 6: By your own party, in [this council] it's like a one-party state. 6/17

Contributor 6 perceived that his questions were sometimes not well received, slowed Cabinet implementation plans and required an acceptance of the discomfort associated with challenging his own party group.

‘But I think, on the audit board, there are times when I’ve raised my hand and said things. And I know that’s not been appreciated even now because I used to be a cabinet member for finance so, I know what I’m looking at. And it sort of slows down the administration or the cabinet from doing what they want to do.’ C6/19

‘I do think that being on the audit committee, you gotta be a character who says, “I don’t mind being uncomfortable. I don’t mind speaking truth to power.”’ C6/20

Despite the personal unpopularity that it brought, Contributor 6 perceived the audit committee’s governance role, such as addressing reported weaknesses in service delivery, to be essential even when it involved distancing himself from norms of political behaviour.

‘You gotta have a bit of personal resilience to go on those committees because often you actually make a difference to the Council services. I do think it’s a vital role but you have to know why you’re doing it and you’ve got to have the skills to be able to ask those questions as a councillor but also sometimes take a few brickbats as well.’ C6/21

‘I call it the ability to stand alone sometimes, to say uncomfortable things in a professional way.’ C6/53

By contrast, Contributor 3 perceived an acceptance in his council of the audit committee’s governance role.

‘So, all the committees knew they had to comply with what was required by the Audit committee. And obviously, if they felt there was something wrong with the findings, internal auditors or whatever, they could come back and say, ‘Look, this is inappropriate for these reasons’ and we could listen to it but by and large, it was accepted that audit was there to make sure things were done properly and should do so.’ C3/15

5.4.7. Case example C6: Audit Committee Membership and Conduct

5.4.7.1. Case Summary

Contributor 6 participated in action to change the audit committee chair. His conduct in exercising his audit committee role was assertive. He perceived the outcomes to be positive.

At the time of the interview, Contributor 6 was a member of the controlling group of a large London Borough with high levels of deprivation. Contributor 6 had a background in banking and financial services. The chair of the audit committee had recently been changed from the Lead Member for Finance to a coopted member.

In the conversation with Contributor 6, the researcher noted his energetic enthusiasm in support of his perception of his council's audit committee as a highly active component of the governance framework and his perceived outcome of respect among councillors.

5.4.7.2. Interview Analysis

In the perception of Contributor 6, action to change the audit committee chair from the lead member for finance to a coopted member had the outcome of improving the audit committee's independence. He did not describe how that change came about.

‘So, it was at the time the lead member for finance was chair of the audit committee. That's nuts because you're marking your own homework. A lead member for housing was a member of the Audit Board, right, so, we said, “Hold on, this is not right. You can't mark your own homework, right?”’ C6/8

‘That's one of the things we made in 2018. Do you remember what I said, the lead member for finance used to be the chair of audit committee, marking his own homework? So, we changed that.’ C6/28

Contributor 6 also perceived a conflict of interest for the Lead Member for Housing who was also a member of the audit committee.

‘We found that we're asking some questions of, what's happening with our repair service because you get assurance reports and interestingly, the lead member for housing was also on the audit board, right, which is his own lesson he's marking.’ C6/7

Contributor 6 perceived the audit committee in his council, now chaired by a coopted member, included independently minded members who asked pertinent questions during committee meetings.

‘We've got some really interesting people on our audit committee. We've got the independent souls, right? And there's a few young councillors who are learning but there's a few of us who are independently minded who ask the right questions.’ C6/23

Contributor 6 explained his perception of the power of the audit committee with an example of when, during an audit committee meeting, concerns were raised about a significant borrowing amount requested by the council without a business plan.

‘The last audit board, for example, was given a notification that the Council wanted to borrow £428 million. OK, OK, fine, fine. We ask some general questions and later on in the agenda pack, we're looking at the council's building arm. And I said, “OK, so, this is a major component of that item one where you wanted to borrow half a billion. But I notice there's no business plan. So, you're giving us notice that cabinet are going to be wanting to borrow this money but where is the business plan?” “Alright. Yeah, we haven't got that because of some internal issues”’. C6/10

Contributor 6 described the risk register as having highlighted poor governance in the council's building company and development plan. Contributor 6 connected that item on the risk register with the loan described in C6/10 above. The audit committee acted to by raising governance issues relating to the proposed project.

‘I noticed on the risk register, last year, the building company were pulled up for their poor governance and also the development plan, right? And then scales fell from everyone's eyes and it realised and we brought the organisation back. And you could say, “Look, people are humans and we've got a housing crisis and everybody's busy trying to build houses.” But we were getting, like, hold on, you know, the cart, you know, goes behind the horse. And this is how you do it in the right order. And I think sometimes, Audit board does speak truth to power in an organisation and it does have that ability to pull it back a little bit and go, “Look no, no, no. This and that,” and when you do it well, it does perform a very good function.’ C6/11

Contributor 6 related an incident in which, perceiving the Lead Member for Housing to be uncooperative in answering questions, Contributor 6's perception of the audit committee's status and the respect accorded to it led him to attempted physical assault.

‘I’ll try and find you the set of minutes from the meeting we had four years ago where it was so, contentious, I think the only thing that saved the lead member for housing at the time, we’ve got a table, a long table where it bows in the middle so, you can see everyone, right? Yeah? And I reached over to try and pull him across the table but the width was too long but it was quite a contentious meeting.’ C6/48

‘We were there asking questions. “Where’s this? Where’s that? Where’s this? Where’s that?” And he was, like, “Oh, you don’t need to know that”. It showed the passion but we were there to ask the questions and so, we’re not gonna take it.’ C6/49

‘It was a question to the lead member. He was trying to fob us off. And I’ll try and find it. I was reminded of it the other day and somebody said, when it happened, the officers were sending around a minute to themselves but they couldn’t believe what we were saying, “No, we want the answer, so, don’t fob us off, no go back” because the audit board in [this council] has always been respected. It’s the committee where you put the best people on.’ C6/50

5.4.7.3. Follow-up

A follow-up observation of an audit committee meeting in Contributor 6’s council nine months after the interview showed Contributor 6 as present and, along with other audit committee members, actively participating in the discussion. The meeting was chaired by a coopted member who gave clear guidance on the remit of the audit committee as set out in the council’s constitution. The background to the observed meeting was that, at the previous meeting, an internal audit report on a council owned company had reported a lack of evidence of appropriate governance arrangements. The director of the company disputed the internal audit findings and the meeting was called to give the director an opportunity to produce evidence to support his case. No such evidence had been brought and the company director now disputed the authority of the audit committee to oversee the company’s governance arrangements. Audit committee members asserted the committee’s authority to oversee governance in all the council’s assets including the company under discussion. The language used by audit committee members was polite but assertive. Questioning appeared to the researcher to be engaged, focussed and informed.

5.4.8. Case Example C3: Demography

5.4.8.1. Case Summary

Contributor 3 perceived that the audit committee in his council was working well and that action was unnecessary.

At the time of the interview, Contributor 3 was in opposition in a London borough which was in the process of changing from a committee to a cabinet model of administration. Contributor 3 was a Chartered Accountant with many years' experience at a high level in the global corporate sector. Although he had attended the council audit committee only twice due to changes in political control, Contributor 3 expressed the view that the audit committee in his council is respected and that both the audit committee and internal audit were functioning to a standard comparable to that of the corporate sector. Contributor 3 perceived that the reason for the high standard of the audit committee was the demography of the district which tends to return councillors with professional backgrounds.

5.4.8.2. Interview Analysis

Contributor 3 explained that he had considerable experience of audit committees in the corporate sector but limited familiarity in his local council.

'I only attended 2 audit meetings and then council control changed last year and I was moved from audit to planning. So, I've not got much experience in the audit committee currently but I would say I am a chartered accountant. I've been the Chief Financial Officer. I've been the chairman of Audit Committees of companies and I was a councillor many years ago in [another council]. So, I have a lot of experience of audit and not as much on councils. C3/1
I've been Chief Financial Officer of businesses in the UK and Thailand, Chairman of an audit committee of a Swiss company. So, I've been around a bit, I suppose.' C3/2

In Contributor 3's understanding, under the new cabinet model of administration, members of the cabinet could not sit on audit committees.

'Our audit committee, because it's a statutory committee, there will still be an audit committee under the cabinet system. I think that certainly the committee is, as I understand, the way it works, audit, licencing, planning, have to have to be statutorily extant, they have to remain in place. And it's only the other things that go in the cabinet system. So, audit will still be there. And I think the way it works is nobody can be on the audit committee who is a cabinet member. I think there are certain exclusions as to who's allowed to be on the audit committee to make sure there's no conflict of interest between those who are making the decisions and things being scrutinised. Obviously, this is a new thing and we'll see how it works.' C3/C13

Contributor 3 felt that, due to the demography of his council area, elected members tended to be professionals.

'I think to be fair, we have quite a high standard of councillor in terms of professional qualifications. We have lawyers and accountants and architects and people who are reasonably professional in their skills. More so, than when I was on [name] Council if I'm honest and more than I've seen in other councils around the country. I think it's just the nature of the demographics here in [District].' C3/7

'I haven't seen any obvious flaws, frankly, that ring bells with me. They seem to be reasonably competent at what they're doing.' C3/8

Contributor 3 was of the view that if any difficulties arose, the audit committee would be competent in resolving the issue due to the level of professionalism among its members.

'Well, certainly when I was on it, the two of us who were [party group] were both Chartered Accountants and I think one or two of the other [opposition] members were professionally qualified. I think if the audit committee had a problem, I don't think we'd have had any trouble in getting it sorted out.' C3/14a

In the perception of Contributor 3, the exercise of the audit committee's governance role was accepted by other committees.

'And dealing with the other committees, there was certainly a level of expectation that if audit committee found something wrong with your operations, then you had to get it sorted out and there was then

a follow up process to make sure it was sorted out and we had, you know, great long lists of things that were issues have been raised and where how much has been completed and how much were overdue and there was a continuing follow-up process.' C3/14b

'So, all the committees knew they had to comply with what was required by the Audit committee. By and large, it was accepted that audit was there to make sure things were done properly and should do so.' C3/15

5.4.8.3. Follow-up

A check of Contributor 3's council website did not show any audit committee attendances by Contributor 3 during the year following the interview but found Contributor 3 serving on the Overview and Scrutiny Committee for which the online record showed his full attendance.

5.4.9. Summary of The Party Hat

The interview extracts presented in the positional power relations theme, The Party Hat, revealed contributors' perceptions of the political influence on audit committee governance due to the majority control granted to the controlling group through political proportionality. Some contributors perceived importance in holding key roles or belonging to the controlling group for effective action and that criticism of the administration by audit committee members belonging to the controlling group could be inhibited. Some contributors perceived a culture of reluctance to provide potentially damaging information unless compelled but that a more collaborative approach might enhance effectiveness and reduce defensiveness. Despite personal unpopularity, contributors emphasised the importance of the audit committee's governance role in addressing service delivery weaknesses, including when it involves deviating from political norms.

5.5. OUTCOMES: IMPACTS ON GOVERNANCE ROLE

This section presents the conduct, actions and outcomes perceived by contributors regarding the impacts and influences of the political context of local council audit committees.

5.5.1. Contribution to Continuous Improvement

Some contributors perceived governance to be, at least in part, about improvement and that the audit committee contributed to that improvement by following-up audit reports.

Contributor 5 who explained how the implementation of audit report recommendations was managed by the audit committee in her council.

‘When internal audit had done a report and come up with recommendations that we'd follow those recommendations and if they hadn't happened, we would call in the relevant service person and say, “Why hasn't this happened? This is what the auditors have recommended. What's your improvement plan on that?” And we weren't horrible about it because it was about improvement. And so, yes, following up and making sure that things happen, and not letting people off the hook if they shouldn't be.’ 5/41

5.5.2. The Audit Committee and Full Council

Governance in the context of local councils was identified in the literature review as being the decision-making processes with Full Council, a public meeting of all elected councillors, as the highest tier of decision-making within a council. Analysis of the interviews indicated uncertainty among some contributors as to the extent to which the audit committee in their council reported to Full Council.

Contributor 3 was confident that the audit committee in his council could report any significant matters to Full Council.

‘So, what does happen though with audit, is if there's something significant, it gets reported up. And the overall reports used to go to the Policy and Resources Committee if I remember rightly. And you always had the ability to send things up to full council if need be. There was never any need in our case but there's always that possibility if something needs to be flagged.’ C3/10

Contributor 4 related an incident in which a councillor attempted to mislead Full Council regarding a decision made by the audit committee.

‘One of the recalcitrant [party A] councillors turned up at the last Audit and Governance meeting and tried to move a suggestion that some counterparties in which we’ve got money invested were not ethically acceptable and the money needed to be moved and so, on. I persuaded the chairman not to accept that as a motion in its own right because it needed an exploration by the Section 151 finance officer because there would be a cost in doing it. The very next day, this guy stood up at full council and told full council that he got an agreement from the Audit and Governance Committee to do it. I had to correct it.’ C4/32

In Contributor 6’s council, the audit committee chair gives an annual report to Full Council at the Annual General Meeting (A.G.M.).

‘Yeah, there's an audit report which goes to Full Council once a year, where the chair of the audit committee will give a report back on what's happened in the year, and that's the opportunity for the audit chair to report back on issues of concern, or issues of praise, or what she's seen over the year and that has worked quite well and that happens next month in May at the A.G.M. as a formal part of the agenda when the audit chair reports back. So, there is that formal report back once a year at the A.G.M.’ C6/30

Contributor 7 expressed a lack of clarity and preparedness concerning whether audit committee reported to Full Council.

‘If it (audit committee) found something that was really wanting or if, for instance, internal audit had raised something where everything had limited assurance or something like that, I would hope that would then not stop there. But it makes me unclear. I suppose the place I would look would be the constitution, what does that say has to come from Audit and Governance (committee)? That might have some information in it. But I don't think that's ever been clearly stated, and certainly as a new chair, even though I wasn't chair at the meeting, nobody gave me a couple of hours to tell me this is how it works and these are the things that you need to take care of. And I

was really, yeah, I was pleased I wasn't chairing that first meeting because I certainly wouldn't have been equipped to do that effectively.' C7/15

Contributor 9 reported that, in his council, officers were helpful in ensuring that audit committee matters were escalated to the appropriate level. He reported that during his time as Mayor, matters had been brought to his attention that caused him to become interested in the audit committee.

'They (audit committee reports) go to full council to be put through if need be but quite often that it's done via the officers. They are the people that of course are going to make sure that we're OK and so, they have got to go through it. Any problems would come back and go to the leader and of course would go to the chair of the Council. And which is quite often the mayor of the Council. In fact, in my case it was. The reason, one of the reasons I was on the audit committee in the first place is because I was the Mayor of *Borough*. Audit kept coming up and I thought I'd better find out about this. And I did.' C9/9

In the case example of Contributor 21, the researcher asked whether the reports received at audit committee are passed on to full council. He replied,

'Usually, they would just stop at the audit committee.' C21/23

The above interview extracts suggest variation in the practice of audit committees reporting to Full Council with a tendency for the audit committee to filter the information going to Full Council by an annual summarised report or by selective reporting of significant matters.

5.5.3. Section 114 Notices

Some contributors perceived that ineffective audit committees were a contributory factor in the issue of section 114 notices by some councils. While some contributors felt that their audit committees functioned well, others perceived inadequacies that, in the absence of any remedial action, could have unintended impacts on audit committee effectiveness and the ability of the committee to fulfil its governance role. These

contributors perceived a need for their audit committee to become more independent, transparent and proactive in fulfilling their governance roles.

Contributors 16 and 17 were on councils that were under section 114 notices at the date of the interview and a s.114 notice was issued in C23's council ten weeks after the conversation.

In the context of the recent issues of section 114 notices, Contributor 24 questioned the actions of the audit committees in the affected councils.

‘What were the audit committees doing? I mean, maybe they were doing a good job, maybe they were flagging up concerns and maybe nothing happened. Or maybe they didn’t do much because they didn’t understand what was happening. To get to the point where you’ve got debt of a billion pounds, what the hell was happening?’
C24/23

Contributor 6 felt that section 114 notices were the result of decisions made many years previously and that the potential outcomes could have been foreseen.

‘And if you look at [names 3 councils under s.114 notices], you can tell, decisions taken years back, it was obvious this was going to happen, it's going to unravel.’ C6/14

Reiterating that external factors had compounded over time to contribute to the failures, Contributor 6 felt that the recent issue of several s.114 notices had highlighted the importance of audit committees, suggesting that their status, independence and resources should be improved. Contributor 6 also perceived the potential for similar situations to arise elsewhere.

‘Now, look, I think they [audit committees] are very important. And I think there should be some work given to how do we improve their status and independence and the resources to them. And I say that because, as I'm sure you do, I read everything about [names three councils under s.114 notices]. And I think “There, by the grace of God, go I.” Yeah. And I'll say to some Council colleagues, “Look, if we go back 5-6 years ago, each of those councils were doing well.” You know, a slight flap of the butterfly wings over here, property prices go down, costs go up, in [council] they've got a huge refugee

issue, so, they need the housing. There's many different factors that went out of sync by small amounts but the quantum of that led to the disasters.' C6/42

Contributor 24 questioned who was to blame in the failed councils and also perceived that the issue of the section 114 notices highlighted the importance of being an active member of an audit committee in order to prevent similar failings from occurring in his council.

'Who is at fault? Was it the auditors, was it the audit and standards governance committee? And in some respects, because of those massive failings, that's why I think being an efficient and effective member of an audit standards committee is important because you want to make sure that your own council isn't doing something that could end up with us having problems.' C24/28

Contributor 15, felt that, in the light of a recent spate of section 114 notices, issues relating to governance had become important to residents.

'I think what's happened in some councils of late should surely be a sobering approach now to say if the government have had to appoint people to run them because their finances have gone awry, then surely all councillors must now accept if you want to be a councillor you're going to have to learn the basics about money management in local government. And I actually think that the public are on my side on that.' C15/15

'There are quite a number of residents out there who would say it's important. And if things went wrong with our finances in this council there would be a big backlash in our borough. I know the borough well, there really would be a big backlash. They would vote the party out who ended up in the papers for poor finances.' C15/47

5.5.4. Case Example C16: First Impressions

5.5.4.1. Case Summary

Contributor 16's first impressions of the audit committee were that it was a mundane obligation and ineffective as a governance mechanism.

At the time of the interview, Contributor 16 was a newly elected member of the controlling group of a borough council with a cabinet model of administration. The council

had recently issued a s.114 notice and a consequent change was that a coopted member was appointed as the chair of the audit committee. Contributor 16 had a background in a highly regulated sector. The conversation was purposely timed to take place after he had attended his first council audit committee meeting in order to capture his first impressions of the audit committee.

5.5.4.2. Interview Analysis

Contributor 16 expressed his perception that the audit committee is a mere formality.

‘I see it very much as a checkbox. You’ve got to have one, here it is. Pretty brutal perhaps but hey, that’s how I see it at this point in time.’
C16/29

Contributor 16 reported that his council used its external audit firm to conduct internal audits. He saw irony in the fact that the audit firm, known for having worked with councils under s.114 notices, presented an internal audit report based on a framework that had been used in councils that had subsequently failed.

‘They have a framework that they put together with [names a council under s114], which has been utilised with the likes of [names 3 councils under s114] amongst other luminaries. It just amuses me enormously.’ C16/6

Contributor 16 found it unacceptable that a company which had, in his perception, profited from other local authorities' failures to control services and finances had been engaged and that the internal audit programme focussed on areas unrelated to finance and services.

‘You’ve got this company who is making money out of these local authorities who have shown a singular failure to control local services, local finance, in the appropriate manner. It just beggared belief, if I’m honest. And the fact that I couldn’t work out who set the internal programme audit, which seemed to pick on subjects away from finance and services.’ C16/7

Contributor 16, while refraining from pre-judging pending investigations, perceived that the level of overspending was the outcome of inadequacies in control and governance.

‘That’s the sense I have currently. I could be totally wrong but that’s the immediate impression. When you look at where [names a council under s114] is in terms of finance. 1.8 billion in debt, £1.2 billion to be written off, it’s clear that there’s been a problem in terms of control, governance and leadership. Not to prejudge what will come out of any investigations but sitting on the bylines there’s no way you could get such an overspend or into such problems without a lack of control and governance.’ C16/22

Contributor 16 expressed the view that he would like to make some changes to the audit committee structures and processes but feels that he is too new to the audit committee to act.

‘I think again it’s like when anyone starts a new job or goes into a new company, there’s a period that you need to find your feet but also to find who the right people are to go to and I think that’s where I am to be honest. I’m still finding my feet, finding out who does what, where.’ C16/14

‘I’ve been pointed to the constitution, which is a mind-blowing 133 pages in length and to my mind is relatively useless. What I would like to see are more concise instructions on how each of the committees I am involved in should work, how they should be organised, how things should be done and who does what.’ C16/15

Contributor 16 had mixed impressions of his first audit committee meeting.

‘I suppose the good was that it was relatively good-humoured, which bodes well. But my concern, as I said, would be just how effective it is.’ C16/38

5.5.4.3. Follow-up

In a check of the council’s website eight months after the interview, the researcher found that Contributor 16 continued to be a member of the audit committee and had attended all his council’s audit committee meetings since the interview.

5.5.5. Case Example C17: Corporate Blindness

5.5.5.1. Case Summary

Contributor 17 advocated joint working between the audit committee and the overview and scrutiny committee on key issues but perceived a lack of commitment to confronting problematic issues.

At the time of the conversation, Contributor 17 was a member of the smallest political group in a London borough with no overall control and a cabinet model of administration. The council had been subject to a section 114 notice which had recently been resolved through a capitalisation direction. An outcome of the section 114 notice measures was that the audit committee was chaired by a co-opted member.

5.5.5.2. Interview Analysis

Contributor 17 had been a councillor and on the audit committee for one year and had a background in the charity sector.

‘In my day job I’m the chief executive of a charity, so, I am probably more used than a lot of people to looking at governance issues and audit. I felt like it was the kind of thing I could contribute to because I’ve got the kind of experience of that sort of strategic governance side even if it is in a completely different sector.’ C17/3

Asked by the researcher whether this experience had been helpful in his council audit committee role, Contributor 17 replied that it had.

‘Yes, I definitely think it has and I think it’s partly because, you know, it’s like when I go to our trustee board as a charity, I go to the board and they ask me these kinds of questions. “How are you monitoring these things? How can we be assured of these kinds of things?” So, for me I felt like I probably fit in quite well to the line of questioning and kind of understanding what the committee is for.’ C17/8

Contributor 17 felt that her experience, which included achieving a Ph.D., had developed her ability to read and comprehend lengthy reports.

‘I think the other thing is that I have the ability through my job and through various things to be able to absorb - you know, you get a week to read what is sometimes 300 pages, which is incredibly difficult. I think because of the work I’ve done, I also have a Ph.D. but way back when, so, I think being able to work out how to tackle 350 pages of reading in a week, you start to realise what you need to read and what you can ignore.’ C17/10

Contributor 17 felt that an outcome of the political nature of the council was that discussions between officers, the co-opted member and audit committee members of the largest political group took place in private but that these meetings should be made more transparent.

‘So, I kind of push to replicate a lot of the conversations that are going on behind the scenes in the (audit) committee, even just briefly, just so, that people understand that that’s what’s happening. Because you know, as members we’re trying to do a slightly different job to the officers and transparency and making sure everybody can see what’s going on is quite important for us.’ C17/21

Giving the example of a proposed significant increase in council tax, Contributor 17 believed that there should be greater joint working between the audit committee and the overview and scrutiny committee on key issues.

‘For example, we’ve got the chair of scrutiny coming to our meeting on Thursday but one of the things that we could look at particularly for example is- you’ll probably be aware that we put up council tax by 15%. So, one of the things is the value for money piece around whether that has been well used or well spent. So, you know, I think we’re looking at maybe scrutiny doing the ‘why’ questions, “Why did you decide to do this? Why are you doing this approach? Have you thought about this?” and then for us to be able to interrogate how are we measuring the value for money and how do we get assurances that it’s being spent well and things like that.’ C17/22

Contributor 17 expressed her perception of the active involvement of the independent chair in leading a move toward collaboration but in private. Contributor 17 felt that these discussions should be made visible with the potential outcome that residents would value coordinated thinking and a collective commitment to improving services for residents.

‘So definitely room for collaboration. And as I say, it’s very much led by the independent member, the chair but what I want to do is make sure that other people can see that the conversations are happening. Because that’s what people want; they want joined up thinking, they want transparency, they want to know that people are working together to try and achieve the same aim which is to improve the service for residents.’ C17/23

The researcher asked Contributor 17 whether she perceived a move toward collaborative working within the audit committee.

‘Yes, definitely. I think that out of all the committees I sit on I think the audit and governance committee has a real commitment to openness and collaboration and I sort of feel- it genuinely feels like a collaborative space.’ C17/24

Contributor 17 perceived significant optimism among both officers and councillors but that this was not justified by any power that the audit committee held. Despite persistent inquiries about financial accounts, assurances were given without evidence. Contributor 17 suggested that both parties displayed a sense of optimism, which contributed to what was described as ‘corporate collective blindness’ to the actual situation.

‘But I think there was also a massive amount of optimism by us on behalf of the officers. Because actually, what powers do you have as an audit and governance member? Every time we have a meeting I say to our section 151 officer, “When are we going to get the 2019/20 accounts?” I’ve said that for a year and every time she says, “It’s coming, yes, it’s definitely going to be there soon,” but it’s quite hard. And even if you try and ask a question like, “How can you reassure me? Or what level of assurance do you have?” It’s very easy for an officer just to sit there and go, “Yes, it’s all going to be fine.” You know? And then it isn’t.’ C17/28

‘There was a subsequent report around the kind of behaviours and things like that and I think one of the things that came out was that everybody had what they called a corporate collective blindness to what was going on.’ C17/29

Perceiving that auditors may not actively seek out issues unless specifically requested to do so, Contributor 17 suspected that outcomes from uncovering significant problems were considered to be undesirable.

‘But my feeling is that potentially the auditors won’t really look for anything unless you ask them to. I get the sense that it’s more of a rubber stamp job, because nobody wants to uncover a whole pile of stuff that no one has looked at, that’s under a rock.’ C17/36

Perceiving that toxic cultures take time to develop, Contributor 17 suggested that it will also take time to change and she was cynical as to whether there was a commitment to confronting issues when the outcomes could be problematic.

‘But the culture doesn’t just happen like that, it takes years to create those kinds of cultures and it takes years to get rid of them. So, I’m pretty sure that there could have been more scrutiny if anybody could have been bothered. But that sounds very harsh, I don’t mean it entirely that way but part of me is a little cynical that people don’t want to create hassle unless they have to.’ C17/38

5.5.5.3. Follow-up

Contributor 17’s council website eight months after the interview showed that Contributor 17 remained a member of her council’s audit committee with 75% attendance.

5.6. OUTCOMES: IMPACTS ON PUBLIC ACCOUNTABILITY ROLE

Few contributors referred to accountability to residents. Where comments were made, they tended to occur in response to the researcher’s question rather than spontaneously. This section uncovers differences in councillors’ perceptions of what constitutes financial accountability to residents in relation to audit committees and differing views on the relevance of audit committees and the extent of their roles as mechanisms of financial accountability to residents.

5.6.1. Not a mechanism of public accountability

Contributors 16, 20, 21, 22 and 24 did not perceive their audit committee to be relevant to their accountability to residents.

While the audit committee provided a degree of transparency, Contributor 16 questioned whether residents would have sufficient knowledge to understand the audit committee as a mechanism of accountability.

‘In public sector it seems very difficult to hold people accountable. It seems a very amorphous kind of concept. Would residents hold the audit committee accountable for anything? I’m not sure they would. I don’t think that they understand what it does or what it’s supposed to do.’ C16/30

In the perception of Contributor 20, the audit committee is more relevant to councillors than to residents particularly since the budget is not sent to the audit committee prior to its adoption by Full Council.

‘I don’t know that the public are really concerned about audit committee. They are more interested in what’s happening when they get the Council Tax bills, what the budget is going to be for the year. And audit committee doesn’t get involved in that, really. We always look at how did we perform against the previous budget. We look back rather than- in all the years that I’ve been on council we’ve never looked at the budget as an audit committee.’ C20/23
‘So, I don’t see the public being really involved at all or even concerned about what the audit committee has been doing. I see the audit committee more as a council members’ concern over what controls are in place, rather than the public are concerned about what controls- is there going to be potential misappropriation.’ C20/24

Contributor 21 also perceived the value of audit committees to be assurance to councillors rather than to residents.

‘Everything the council should be doing should be making sure that we provide a high-quality service and value for money for residents. And the audit committee receives reports from the audit team saying that things are being done well and so, I guess it is part of the process but I’m not sure it actually adds any value to local residents.’ C21/22

Contributor 24 expressed the clear view that accountability takes place between officers and councillors.

‘I think it (accountability) is important, because at the end of the day we are elected to represent our constituents and one way we represent them is obviously to deal with any problems they raise but also, we’re there to hold the council to account for their actions. You

know, they are obviously paid to do a job and we are elected to ensure that they are doing the job that they should be doing. So, we're elected to hold them to account, really.' C24/29

Contributor 22 perceived accountability to lie with the Overview and Scrutiny Committee rather than with the Audit Committee because political matters are involved.

'My view is that it [accountability] fits more with scrutiny committee than with audit and governance, in truth. Because to my mind it [Scrutiny] is slightly more political than audit should be. C22/33

Referring to the use of 'Part 2' which excludes the public from council meetings, Contributor 23 perceived a significant absence of accountability to residents.

'I think there's virtually no financial accountability to residents. We've talked about how they get excluded from discussions when in my view things are discussed that the administration don't want residents to know, as opposed to the law saying that they can be excluded. But you know, the ability of any individual council taxpayer in my ward to hold this council to account is nil, really.' C23/37

5.6.2. Accountability obscured by incomprehensibility

Contributors 7, 11 and 18 perceived that an outcome of the incomprehensibility of reports presented at the audit committee was that accountability to residents was obscured.

In Contributor 7's perception, the audit committee is not a mechanism of accountability to residents who would be unlikely to understand its role.

'I don't think our committee is a way of saying we're accountable to residents. I don't think they even know what an Audit and Governance Committee would do and it would be very difficult to work it out just by coming to one or two committees.' C7/39
'Because it's, you know, all like it's showing the pieces of a puzzle but not the picture that the puzzle would make. And I think we need to be able to see the picture that it that it makes. Because you know, why would Joe Public, they can't spend hours understanding the machinations of local government. But they are entitled to understand what we're doing with their dosh and our energy and where we're putting what's basically their property and their interests for their town.' C7/44

Contributor 11 expressed the view that, while accounts and financial information are accessible to anyone, the complex nature of the reports and the background context required to comprehend them often deter individuals from examining the accounts or making sense of the information.

‘Whether anyone's actually interested enough to go look through it, even other councillors, it's there if you want it. And probably any member of the public can look through all the accounts, the press could and the media could. They don't for the most part because they don't understand them. They can't make head nor tail of it, because the numbers don't seem to add up until you really know what's going on in the background.’ C11/16

Contributor 18 questioned the effectiveness of the audit committee as a mechanism of accountability when individuals lack understanding of the financial information presented to them. Contributor 18 perceived the demography of the council area to be lacking in skills compared to other boroughs resulting in a potential challenge in ensuring a well-qualified audit committee.

‘How useful is representation if people don't even understand the stuff that's there? You know, it's nice to have former accountants and former this or current accountants and suchlike, actuaries but we don't actually attract them at least in our area. [Council] is one of the most under-skilled boroughs in the country. Do you see what I mean?’ C18/20

5.6.3. An available mechanism of accountability to residents

Contributor 2 regarded the number of viewings of the webcasted audit committee meetings as evidence that residents were aware of the audit committee and watching meetings online which fulfilled the audit committee's accountability role. Contributor 2 perceived this level of accountability to be a critical aspect of councillors' re-election.

‘So, we are acutely aware that the public are themselves looking at us and saying, ‘Where's the money gone?’ So, we're very aware of that. And the people of [area] and the people of other authorities keep an eye on us. And although, I mean, I only have the figures for [combined authority]. But whilst we've had no members of the

public attend in person, we have had 360 approximately people watched online because it's televised and 400 people watched the archived footage. They're the figures for the audit committee. So, we are acutely aware that we have to do right by the public and that's the political risk. You can see that we have to do that. We are aware that we are accountable and we want to be accountable. That's what gets us elected, after all.' C2/27

Contributor 2 perceived that Audit Committee meetings provided insights into the activities and decisions of the authority in a form that may be understood by residents, enabling them to form judgments about the council's financial performance.

'It (audit committee) 's a portal to the public about how their money is spent and whether it's spent well or not. So, they can see what's happening in the authority. Yeah, it really is that accountability. In audit (committee), you're looking at defined risk and the finances and people, I think, can understand that better. The risk is there. It's set out. They know what it is. We tell them what it is and they can judge us.' C2/29

Contributor 5 viewed audit committees as having a role in addressing concerns raised by residents but that residents do not pay significant attention to audit committees, except for a few individuals with specific grievances.

'I think that we're looking to some extent at purse strings and things like that. And also, I think as councillors, if we know that there are things that our residents are concerned about, then we can certainly raise those things at audit (committee). I don't think audit (committee) is where the public look particularly, except the people who, each year you will have at least two, maybe three questions to our external auditors. But those tend to come from people who have an axe to grind rather than people who are particularly interested in audit. It's where they found somewhere to go after they may have been to other places.' C5/32

Contributor 14 perceived that her role in accountability was to follow up on matters identified through the audit committee that impact residents including ensuring that services are delivered in a cost-effective manner.

'I guess that our role on it (accountability) really is to make sure if there are any issues that we are kind of bringing them to the fore. So, I suppose I see it as part of my role that if I identify anything through the audit committee that I'll know where to follow it up on if it's

affecting residents. So, stuff like contracts that are being managed or that are being reported on, we are ensuring that we get good value for money, we're ensuring the council is operating efficiently, all of that. So, I think it all is quite key to delivering to residents.' C14/18

The conversation with Contributor 11 led to the researcher asking whether Contributor 11 felt that the audit committee adds value to any aspect of accountability. Contributor 11 affirmed his belief that the public expression of concerns creates an additional level of accountability.

'Yes, it does. I found when I was leader, I was asking questions about the accounts there and other financial reports that come there, you think, "No, I don't like the look of that." And I think you've gotta be prepared to say those things in a public forum like that. And if, if you do then, yeah, there is a sort of extra level of accountability there.' C11/27

5.7. CONTRIBUTORS' POLICY RECOMMENDATIONS

Contributors 1, 4, 6, 13, 15, 21 and 22 suggested policies for improving audit committee outcomes including alternative models of reporting. These recommendations included mandatory and ongoing training for audit committee members, modernizing training methods and considering full-time councillors with more extensive training. More radical suggestions included abolishing the audit committee and reporting directly to Full Council, with enhanced external checks and strengthening collaboration between audit committees and overview and scrutiny committees.

5.7.1. Training

Contributors 1, 4, 6, 13, 15 and 22 perceived a need for more structured and relevant training with suggestions that audit committee training should be mandatory, ongoing and modernised for audit committee roles to ensure competence balanced with simplified reports from officers and external auditors. Mentoring was suggested and the

possibility of councillors becoming full-time and receiving a salary to enable them to undertake adequate training.

Deploring the lack of audit committee training that he perceived in his peers, Contributor 4 felt that councillors could be trained in their audit committee roles through online courses.

‘They've not even been through an electronic training experience so, they basically understand the tenets of good governance, good financial governance and the absolute necessity of keeping audit trails discoverable?’ C4/27

Contributor 1 also felt that training for audit committee members should be mandatory.

‘I would look at mandatory training for members of the audit committee to ensure that everybody has a clear and consistent understanding of what exactly their role is.’ C1/32a

Contributor 13 felt that structured training needs to be more available.

‘I do feel there isn’t a lot of relevant training available. But I think there should be, especially when you get to the audit stuff and the sort of accountancy things referenced can be quite complex for councillors to understand. And I think possibly some more stronger sort of more structured training around that and a sort of a way of learning the role.’ C13/4

Comparing the audit committee with the planning committee, Contributor 21 suggested that training should be on-going to enable audit committee members to keep up to date.

‘I think the planning committee does work because all members have to have training and certainly on our council that’s not just been a “do it once and forget about it” situation but we’ve done ongoing training. Particularly when new issues have come up, legislation has changed, we’ve made sure that the members are trained on that. And so, I think that’s a model of how it should be done.’ C21/12

Contributor 15 felt that the forms of training should be modernised to encompass new methods of experiential learning.

‘Some training is just a bit too paper orientated. You learn about the subject but that’s not the same as watching people and learning how you can put your knowledge then to good use as a committee member. There’s a difference.’ C15/30

‘Give them a paper that might go to an audit committee, give them an hour to read it, maybe they need to read it at home, then they come to a practice meeting if you see what I mean and then the teacher would say, “I’ve read this paper and, if it were me, these are the things I might raise.” And they might even to be to a watch what that teacher would be doing. It’s that type of teaching and learning that I’ve rarely seen in local government and yet you do see it in many other places where staff are taught.’ C15/31

Contributor 15 also felt that there was a place for mentoring.

‘And then you know, if I was mentoring somebody then they would ask me questions afterwards. “What made you ask that question?” I can’t give you an example easily for audit committee of someone I’ve learned from in that way but I do like to watch people who are good at what they do and that helps me learn. And I honestly believe it is definitely a way to develop people to be good at what they do on audit committees, I think that should be introduced. I would introduce that if I was responsible for an audit committee, I’d try and implement that type of learning.’ C15/33

Contributor 13 felt that a balance needs to be achieved between members’

increasing their knowledge and skills and officers and auditors simplifying their reports.

‘Better training, more continual updates and maybe looking at how data is presented to make, you know, so, you’ve got to find a middle ground between making sure members have got enough training and knowledge and skills.’ C13/23

‘So, finding a happy medium of going to the right amount of depth, making sure the information is presented in a way that is understood and enough back and forth comms to make sure that everyone stays up to speed with what is going on and what it all means. Without impacting too much on the officers’ time, because that’s not fair as well, they’ve got a job to do.’ C13/25

Contributor 21 suggested that the only way to ensure that councillors receive essential and extensive training would be for councillors to work full-time, suggesting that if training is optional, the committee’s effectiveness may be impaired.

‘If you’re in a council where councillors have proper jobs and aren’t full-time councillors, then I think it’s probably a complete write-off because you need to put people through quite extensive training, I

think. So, if you're in a council where the councillors are full-time councillors you can probably do that, you can put the resource into making sure that they have the training and also the admin support that they would need. But where training is viewed as an optional extra by councillors, I don't see a way that you can get an audit committee to function effectively.' C21/11

5.7.2. Direct Reporting to Full Council for Internal and External Audit

Contributor 21 suggested an alternative model in which the audit committee would be abolished and replaced by direct reporting to Full Council.

'I think it's far better to put the emphasis on both internal and external audit to do their job and have them report direct to the council so, they know what's going on. C21/6.

I mean the councillors. They need to know and ultimately the buck stops with the councillors so, they need to get information from somewhere. But I think it's far better to have it coming direct from those who are trained in doing the job rather than going to a committee and say, "Well, the committee says this is okay so, that's great." Because the committee doesn't have those skills.' C21/7

Contributor 21 explained that, in her proposed alternative model, the external auditors would provide an enhanced level of checks.

'At the moment all the accountancy is done internally and it's the auditors who check. But if we're going to jettison the audit committee role in that regard, which I think we should, I would like to see enhanced external checking.' C21/25

In Contributor 21's model, internal audit reports would be reviewed by the external auditor.

'I think it (internal audit) would still report internally but I would expect the external auditors to review what they do and really- I'm just thinking of this as I go along. Any financial controls and issues that the internal auditors look at or pick up on, I would expect their reports to go to both an external auditor and an external accountant to make sure that we get that level of supervision.' C21/26

Contributor 21 expressed the view that she would prefer to enhance professional roles rather than continue with the audit committee in its present form.

‘As I’m fairly sure I’ve made clear, I don’t think the audit committee achieves anything so, I would rather we actually strengthen processes that will work. And I think these are areas where you do need professionals dealing with it and so, I’d rather have enhanced roles for the professionals to do their jobs properly and to provide us with that reassurance.’ C21/27

5.7.3. Joint working of Audit and Scrutiny Committees

Referring to a council which, at the time of the interview, had recently issued a s.114 notice, Contributor 22 suggested that, in major projects, the audit committee and overview and scrutiny committees might usefully work together.

‘I think in their day-to-day working they are better separate because audit does have a lot of routine is not quite the right word but has a lot of work it has to do every year as part of the cycle of the budget and the audit and all of this. And that is quite a lot of work that needs to be looked at properly and I don’t think you could add that workload to the workload of a normal scrutiny committee.’ C22/40
‘But I do think there is an argument, if your council is proposing to buy a multimillion-pound hotel or something or to build one or to do some major project, I would feel that at some stage it would be better served to have a joint audit and scrutiny committee meeting on that one subject. Or a working group made up of members of both committees and then the joint meeting or something like that. In other words, for projects, major expenditure outside of the normal annual budget work of audit, I think audit [committee] should look at that financially and look at that with scrutiny.’ C22/41

5.7.4. Return of the Audit Commission

Contributor 11 perceived that bringing back the audit commission or a similar body would improve the audit process by focusing not just on the economy and efficiency but also on the effectiveness of spending.

Researcher: What do you feel needs to be changed for things to get better?

Contributor C11/35: Bring the audit commission back. I keep coming to this, don’t I!

Researcher: You’d like to see the audit commission back?

Contributor C11/36: I would, actually, yes. Or something, you don’t have to call it that.

5.8. SUMMARY OF CHAPTER 5

Chapter 5 has presented an analysis of the perceptions of 24 councillors regarding their council's audit committees using an analytical framework based on Quadripartite Strong Structuration Theory (Q.S.S.T.) (Stones, 2005) to classify and link their views on audit committees' roles, effectiveness and challenges.

The analysis focussed on contributors' perceptions of the general dispositional framework: 'The Cinderella Committee', conjuncturally specific knowledge: 'The Schleswig-Holstein Question' and positional power relationships: 'The Party Hat', conceptualised in Quadripartite Strong Structuration Theory as internal structures, the agent's view of the external structures that form his or her conditions of action. Following the quadripartite nature of the theory, the analysis also examined contributors' perceptions of the passive conduct and purposive agency to which the internal structures gave rise and the outcomes of its impact on the governance and accountability roles of the council audit committee. Further, some contributors offered recommendations for increasing the audit committee's effectiveness or replacing it with enhanced reporting.

The following chapter, 'Discussion', discusses the interview analysis in the context of the literature review and theoretical framework.

CHAPTER 6: DISCUSSION

6.1. INTRODUCTION

This chapter discusses contributors' responses to the interview questions in the context of the literature review and theoretical framework and presents the findings of the research.

6.2. COUNCILLORS' PERCEPTIONS OF AUDIT COMMITTEES

This thesis began with the question:

‘How do councillors in English local councils perceive audit committees and what are the impacts of those perceptions on the audit committee's contribution to governance and accountability?’

The research found that councillors have varying perceptions of audit committees. Some perceived them to be dull and of low priority while others saw them as an important mechanism of governance. Contributors perceived issues relating to the competence of audit committee members, the length and complexity of reports and the potential for the controlling group and officers to conceal important information. Political factors, such as political affiliation and council control, were perceived to negatively impact the audit committee's role in governance and accountability.

6.2.1. The Cinderella Committee: The General Dispositional Framework

The thematic title, ‘The Cinderella Committee’ describing the general dispositional framework of council audit committees was taken from the response of Contributor 19 when she was asked for her view of the audit committee in her council. It clusters contributors' perceptions of a general-dispositional-framework in which the audit committee was held in low esteem until some significant governance event occurred.

Dismissive attitudes toward audit committees first became visible in this research through the responses from those invited to participate in the study who rejected or limited

their participation on the grounds that audit committees were not worth an hour of their time.

From a total of 24 contributors, 17 contributors perceived that the audit committee in their council was generally perceived as a mundane obligation, low in the hierarchy of concerns and resulting in avoidance behaviours among councillors such as avoiding membership, failing to attend meetings or failing to read the committee papers and reports. Contributor 2 said that the audit committee chair was not paid the allowance that was given to the chairs of other committees.

As discussed in the literature review, Hepworth and Koning (2012) noted that negative attitudes toward audit committees could arise from various factors, such as their time-consuming nature, operating costs, cultural constraints, personal values, political ideologies, practical considerations and positional power and warned that unclear reporting lines or lack of credibility could lead to audit committees being viewed as costly bureaucracies. Glimpses of these factors became evident in responses that referred to the busy lives of councillors who prioritised casework and other aspects of their council duties above audit committees and in responses referring to political dominance of the audit committee by the controlling group such that audit committee members in opposition felt disempowered. Unclear reporting lines were evident as some contributors did not know whether audit committee matters were sent up to full council.

Nine contributors stated that, despite this negative culture, they are on their council's audit committee from their own personal choice and six perceived the audit committee to be an opportunity to gain organisational knowledge and influence. This finding may be explained by Q.S.S.T. in that the prior knowledge and independent

personal disposition of these contributors gave them a critical distance that enabled them to take a different view from the collective culture and assumptions.

This was not necessarily a static situation. For some contributors, the conflict between their dispositional knowledge and their perceptions of the audit committee in their councils led to them attempting remedial action. The interview analysis revealed that some contributors exercised their agency to address these negative perceptions and improve the effectiveness of audit committees. For example, Contributor 5 introduced informality to meetings and raised the profile of the audit committee through positive messaging, while Contributor 2, perceiving that the repeated absences of some members caused meetings to be inquorate and therefore ineffective, used his institutional knowledge to reduce the number of members on the committee to improve its effectiveness.

As discussed in section 2.4.1, Turley and Zaman (2004) warned of the risk of unintended behavioural consequences of audit committees. The perceptions of contributors themed as ‘The Cinderella Committee’ are believed to be the first clear indication of avoidance behaviours among local councillors and the agency of some who take purposive action to remedy the weaknesses that they perceive. These findings may result from the self-selecting nature of the sample of contributors since, while most contributors perceived attitudes toward audit committees to be highly negative in their councils, contributors may have been participating in the study because they perceived the collective attitude to be in conflict with their dispositional knowledge and were advocating reform.

6.2.2. The Schleswig-Holstein Question: Conjuncturally Specific Knowledge

The analytical theme of conjuncturally specific knowledge is titled ‘The Schleswig-Holstein Question’, meaning something that nobody fully understands, was taken from an interview with Contributor 11. The significant findings of this theme included the

complexity of financial accounts mandated for local councils, the capacity of councillors on audit committees to understand them and the impact on public accountability when the public did not understand them.

The literature review identified issues of knowledge and competence that had been raised in reports and prior studies Redmond (2020) and Grant Thornton UK LLP, (2022) and are documented in previous studies particularly in relation to the use of financial information by politicians who may base policy upon their understanding of complex financial reports (Ezzamel *et al.*, 2005), (Hyndman, 2016), (Donatella and Karlsson, 2023) and in relation to the need for simplified reports (Van Helden and Reichard, 2019). This research adds to the conclusions of those studies by finding similar difficulties in local councils such that contributors themselves perceived a need for both simplified reporting and an accessible training programme based on identified competencies and delivered by modern training methods. Some contributors perceived the training provided by their councils, usually in the form of a PowerPoint presentation by the chief auditor or head of finance, to be inadequate with one contributor commenting that she did not understand the words the officer was using in his training presentation.

While the remedial action for a lack of skills is usually considered to be training, councillors may be in a different position from members of audit committees in other sectors in that councillors' membership of the audit committee may be short due to the election cycle or changes to committee memberships by the party group leader. Some contributors questioned whether it is reasonable to expect councillors, who are generalists, to become sufficiently expert in finance or audit to enable them to challenge officers with qualifications that require years to achieve and possibly also many years' experience. In response to this problem, CIPFA (2022), Redmond (2020) and Grant Thornton UK LLP,

(2022) advocated training and the inclusion on the audit committee of independent members.

The new element that this research reveals is that contributors were aware of the skills deficiency and its impact on the governance role of the audit committee and some contributors had taken steps to acquire the necessary skills or to share their existing knowledge with other committee members. 14 contributors perceived a skills gap within their audit committee membership with ten contributors reporting that they relied on knowledge gained in other contexts prior to their appointment to the audit committee. Also new to this area of study is the finding regarding the conduct and action that contributors reported in response to their perception of a conflict between the knowledge that they perceive is necessary for them to fulfil the audit committee role of questioning and the knowledge that they actually possess. This led to some contributors voluntarily finding sources of knowledge through network support groups and external training. Contributors possessing the relevant knowledge promoted training, mentoring of other committee members or worked alongside officers to promote the use of plain English while one contributor successfully pressed for the inclusion of independent members on the audit committee in his council.

The political positioning of the contributors determined the constraints on their agency. Contributor 7 perceived that a skills audit to ascertain the adequacy of collective skills and identify training needs was needed. She felt constrained from action as she was, at the time of interview, not the audit committee chair and her party group was in opposition.

Although contributors perceived certain forms of training as having value, it is argued that there is a case for simplifying the reports going to the audit committee and for

professionals, particularly internal auditors and finance officers, to commit to a principle of a ‘plain English’ executive summary and to ensure that the use of jargon is kept to a minimum and explained in an annex to the report.

6.2.3. The Party Hat: Positional Power Relationships

The thematic title, ‘The Party Hat’ was taken from the conversation with Contributor 6 and clustered findings in relation to positional power relationships.

The impact of political allegiances on governance roles and accountability in other contexts found in the literature review revealed powerful political allegiances that can impair scrutiny (Copus, 2008), (Copus, 2016) and displace accountability (Auerbach, 2021), (Whiteley and Kölln, 2019). When a conflict of interest arises, choices of conduct may arise from personal values and priorities (Kluvers and Tippet, 2010) with perceptions and agency influenced by position in the hierarchy of power (Parsons and Rumbul, 2021).

Consistent with the literature review findings in other contexts, this research revealed contributors’ perceptions that the political context negatively impacted the audit committee’s role in governance and accountability. A few contributors reported that the audit committee in their council worked well but also commented on the high degree of personal resilience needed for that outcome to be achieved. As identified by Redmond (2020) and (Grant Thornton UK LLP, 2022), many audit committees in local councils are dominated through their structure by the controlling political group because, under rules of political proportionality, the political group that has a majority on the council has a corresponding majority on the audit committee. Research by Redmond (2020) also indicated that the audit committee chair was, in many cases, a member of the controlling political group, a situation described by two contributors to this research as the

administration ‘marking its own homework’. Some contributors perceived a reluctance by the administration to disclose certain information due to political concerns.

Two contributors reported that change had been brought about by replacing the audit committee chair who, in one case, was the whip of the controlling group. In another, a chair perceived to be a partisan appointment was replaced by a coopted independent chair with positive outcomes.

Contributors who were in opposition expressed particular frustration at the constraints of being in opposition and the consequent inability to effect any changes in their audit committee’s structure or practices since in any scenario in which they were to raise any matters at the audit committee meeting, they would be outvoted by the controlling group members.

6.2.4. Linking the themes

The findings from the three themes interconnect in that, if councillors give low priority to audit committees, they may not be motivated to undertake the external training necessary to fulfil the role, particularly if they perceive their future on the audit committee or re-election to the council to be uncertain or do not wish to be seen questioning their own political group in public.

There were, however, contributors who reported having used their knowledge and active agency to make changes to the structure of or attitudes toward the audit committee in their local councils despite the negativity of the general dispositional framework and the political pressure of positional power relationships. Interpreted in the light of Q.S.S.T., a possible explanation is that their actions arose from a conflict in their internal structures between their prior knowledge gained outside of their local council and their knowledge of their council audit committee. In this situation, the conflict may be resolved either by

accepting the perceived inadequacies as part of the flawed pattern of life as was the case for Contributor 24 or by attempting remedial action as described by some contributors to this research.

6.3. IMPACTS ON GOVERNANCE AND ACCOUNTABILITY

The literature review found that audit committees are legitimised by reference to governance and accountability but that the concepts of governance and accountability are subject to multiple interpretations. In the specific context of local councils, governance was clarified by the National Audit Office as being councils' arrangements for decision-making, arrangements that should include checks and balances to ensure that decisions are lawful and based on adequate information (National Audit Office, 2019 p.5). CIPFA, (2022) described audit committees as contributing to governance by providing an independent assessment and examination of the effectiveness of governance, risk management and control mechanisms.

In order for the audit committee to fulfil its contribution to governance, there must be a clear connection and communication between audit committees and the decision-making body. From the reported perceptions of contributors, that connection and communication is not always clear. This leads to the question of precisely how the audit committee communicates the assurance that adequate controls are in place and operating to ensure that the decisions are made on adequate evidence that is available to the decision-makers. More importantly, how does the audit committee, which oversees risk management and internal control arrangements communicate deficiencies in those systems to the decision-makers?

Ten contributors addressed this question but only when prompted by the interviewer when it appeared relevant to the conversation. Two contributors replied that in

their councils, the reports stopped at the audit committee and did not go to other committees or full council. Others said that the audit committee acted as a filter and was able to send significant issues to full council if it was deemed necessary or that the audit committee chair reported annually to full council. Some replied that they did not know. These findings are broadly consistent with Redmond (2020) and add a more nuanced depiction of the degrees of disconnection between audit committees and decision-making in the perceptions of contributors to this study.

The converse situation in which the decision-makers failed to provide information to the audit committee was also perceived by contributors, some of whom believed that information was deliberately withheld from the audit committee in order to avoid adverse publicity or by officers to elude accountability. Some contributors linked the withholding of information to the issuance of section 114 notices.

As discussed in the literature review, Turley and Zaman (2004) concluded that the adoption of audit committees does not necessarily lead to improved governance. This research has revealed that the negative perceptions, lack of skills and political allegiance that can hinder the effectiveness of audit committees in providing effective scrutiny of financial and governance matters.

Contributors perceived the outcomes of external training and support groups to be positive but these outcomes may be temporary as changes in the political context brings changes of membership of the committee.

While some contributors perceived the audit committee in their council to be working effectively, there was a consistency in the narrative of many that raises concern regarding the suitability of audit committees in a political environment.

6.4. IMPACT OF THE METHODOLOGY

The research used a phenomenological approach, focusing on the perceptions and experiences of contributors to the study as councillors who were members of the audit committee at the time of their interview and based on an epistemological belief that the only effective way to know a person's perceptions is to ask them. It is reasonable to assume that the perceptions of other agents may vary depending on their roles and interactions with the audit committee (Purcell *et al.*, 2014). The constructivist assumption of the study was justified by the finding that, while there was a consistency in the narratives of contributors, there were also individual nuances and some differences of perceptions.

An important element in the design of the methodology was that the interviews should allow as much scope as possible for contributors to raise the issues that were important to them. This filled a methodological gap in previous studies in which survey instruments or semi-structured interview questions arose from the researcher's knowledge gained through experience or prior research.

The sample was self-selecting in that participants were invited to contribute to the research through an interview of one to one and half hours. It quickly became clear that contributors had responded because they had something they wished to say. A key feature of the interview analysis was the consistency of the narrative between agents in focus. It remains unclear whether the consistency of the narrative was due to the nature of the sample or the frequency of occurrence of the matters raised. These were, however, the reported perceptions of contributors and, consistent with phenomenology's distinction between an object and perceptions of it, are accepted as such by this research.

6.5. FINDINGS FOR QUADRIPARTITE STRONG STRUCTURATION THEORY (Q.S.S.T.)

Quadripartite Strong Structuration Theory (Q.S.S.T.) asserts that internal structures, comprised of pre-existing attitudes and current experience, combine with an agent's individual perceptions of the external structures and positional relationships to create internal structures that precipitate passive conduct or motivate purposive agency which, in turn, results in modification or reconstruction of the external structure. In the structuration concept, this process occurs within the parameters of the structure which provides the means of the agency and is the outcome of that agency.

Applied to this research, Q.S.S.T. would assert that councillors' perceptions of audit committees, acquired through previous knowledge and experience combined with their perceptions of how their council audit committee actually works, result in passive conduct or purposive action to further embed or to modify the existing audit committee structures and practices.

In this interpretation, the negative perceptions of audit committees perceived by most contributors to be the general dispositional framework within their councils, led to dismissive attitudes by councillors, failure to acquire the necessary knowledge and inappropriate partisanship with negative outcomes for the contribution of audit committees to governance and accountability. Because the audit committee is perceived as low priority and with the risk to councillors of being removed from the council by the electorate within four years, audit committee members may not be motivated to acquire the necessary skills or may fear the consequences of failing to toe the party line should audit committee independence require it.

Some contributors, however, particularly those with prior knowledge or experience of audit committees in other contexts, perceived a disjuncture between their prior knowledge and their current experience of council audit committees which triggered an attempt at remedial action. In many cases the modification was successful and follow-up a year after the interviews revealed that in instances where the structure of the audit committee had been modified, the changes continued after the ensuing elections and changes of audit committee membership.

Section 4.3.4 of this thesis discussed the interdependencies of audit committees, particularly the council, since there cannot be a council audit committee without a council. Other interdependencies include internal and external audit, council officers, political structures and concepts of governance and accountability. These interdependencies constrain and enable agency in similar ways to the constraints and enablement of the rules and resources defined by the theory as the external structure.

Q.S.S.T. asserts that action arises from the agent's perception of the external structure. If a councillor reads a report that from the perspective of his or her knowledge appears to be relevant to the audit committee's governance role and he or she questions that item, the structuration principle could be said to have applied because the agent has acted through the rules and resources of the audit committee with the outcome that the audit committee structure of a contributor to governance and accountability is reproduced.

When, however, a councillor on the audit committee feels constrained from questioning matters relating to his or her own party group, that constraint is not arising from the audit committee structure (the audit committee's rules and resources) which require independence and impartial assessments but from interdependent political structures. The constraint gives rise to non-intervention with the outcome that the audit

committee's impaired contribution to governance is reproduced. The motivation for the decision to refrain from acting is not, however, arising from the agent's perceptions of the rules and resources of the audit committee but of the rules of political structures requiring allegiance.

These examples suggest a lack of clarity in the relationship between external structures and the network of interdependencies in the structuration principle.

In order for the structuration principle to apply, the political structures would need to be deemed a part of the external structure. This would mean that the external structure of the audit committee should include internal and external audit, officers, political structures and concepts of governance and accountability. It is, however, questionable whether these interdependencies constitute the structure (the rules and resources) of audit committees or whether the interdependencies are a separate, albeit valid, concept from structure and, if so, how they are positioned in relation to the structure of audit committees.

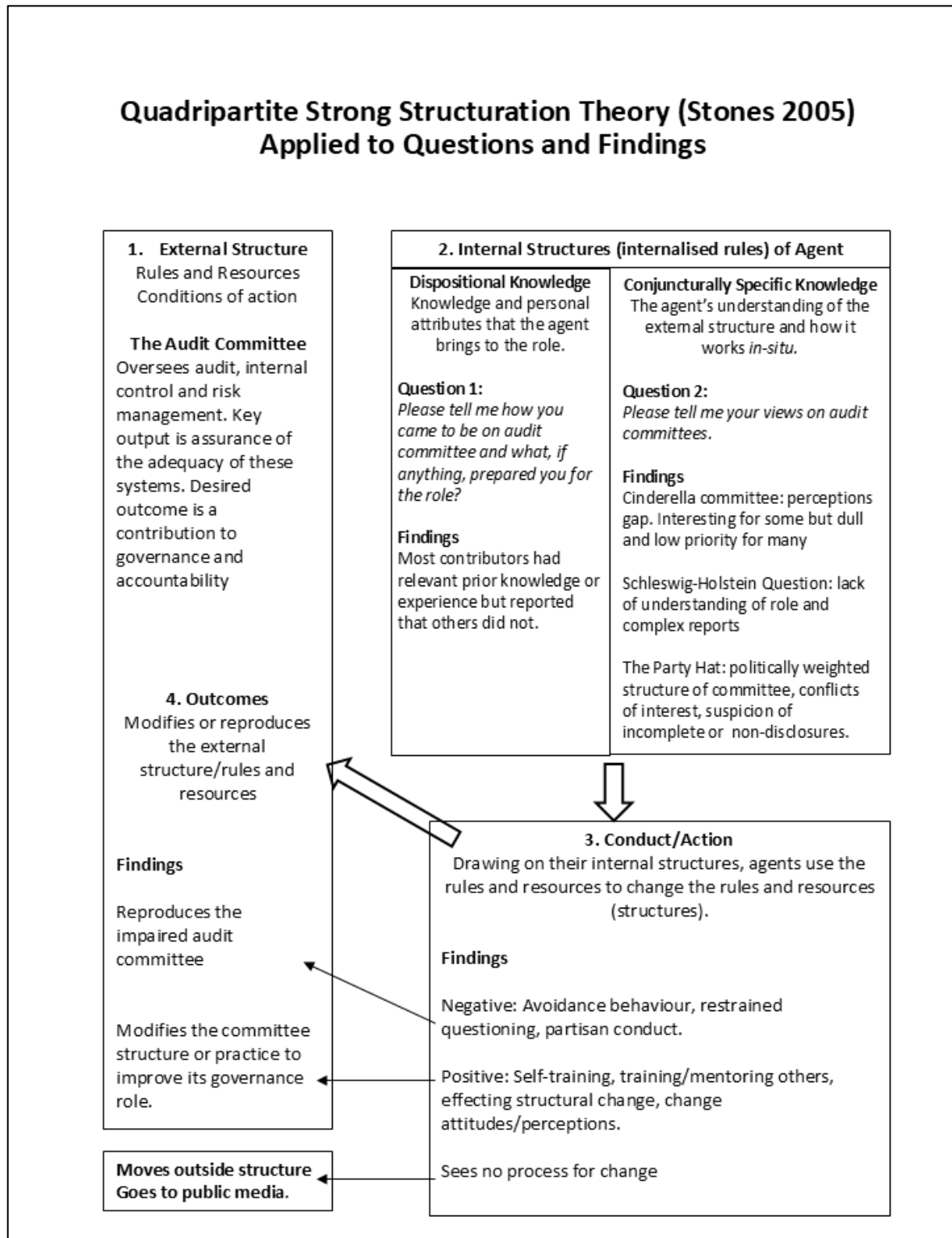
One contributor reported having turned to the press and social media in order to effect change in the audit committee in his council. For the press and social media to be regarded as a part of the structure of audit committees, the definition of external structure would need to be defined so widely as to be meaningless.

In order for the structuration principle to be applicable, the parameters of the external structure would need to be so strictly drawn that agents are unable or, feel unable, to step outside of its boundaries. This situation may potentially be found in closed institutions where access to external resources is prohibited by some means but in the context of audit committees in local councils, which are located within a wider societal structure, the structuration argument is not fully convincing.

This research concludes, therefore, that Quadripartite Strong Structuration Theory does not, of itself, provide a full explanation of the findings due the position of audit committees within a wide network of interdependencies.

This research has, however, found that the quadripartite framework is helpful as an analytical framework that gives structure to the analysis. The quadripartite nature of the theory, discussed in section 3.7 and shown diagrammatically in figure 1, is repeated below overlaid with the interview questions and findings as figure 7.

Figure 7: Quadripartite Strong Structuration Theory applied to interview questions and findings



6.6. FINDINGS FOR COUNCILLORS' ROLES ON AUDIT COMMITTEES

While not the primary focus of this research, this study has illuminated certain aspects of the councillor's role on the audit committee.

Section 2.4 of the literature review, 'Perceptions of Councillors' Roles', identified a risk that, in the context of a complex and demanding role, audit committees could be perceived as low priority in councillors' hierarchy of concerns and this perception is present in participants' responses. The general dispositional framework examined in section 5.2 of the interview analysis reveals a general perceptions of audit committees as dull and uninteresting and low in their hierarchy of concerns, lacking the status and interest of higher profile projects resulting in iterative avoidance behaviours that impair the audit committee's governance and accountability roles. Others reported that audit committees are interesting and that they found membership of the audit committee to be a position in which to gain organisational knowledge and influence. This suggests that councillors have mixed perceptions of their role in audit committees, particularly as it competes with other demanding roles in their hierarchy of concerns. This is discussed further in section 7.14 'Future Research.'

Section 2.9.4 of the review of councillors' roles found that councillors on audit committees need to receive proper induction and ongoing training to fulfil their roles effectively. It was also observed, however, that the expected commitment for councillors on audit committees may not be consistent with the complex demands of their roles in other areas, giving rise to a risk that training, alongside other commitments of being an audit committee member, could be given low priority. The findings of the interview analysis are consistent with this concern.

Analysis of conjuncturally specific knowledge reported in section 5.3 above, indicates that councillors on audit committees see their role as requiring specialist knowledge, despite the absence of financial statements from external auditors for up to three years. The core work of the audit committee typically involves internal audit reports which tend to be non-financial as discussed in section 2.3.5 above. While some contributors reported having found the Local Government Association training to have been helpful, others did not access it. There was a clear reliance on experience gained in other sectors. This could indicate a training need, except that the difficulties reported by contributors included reports of audit committee councillors failing even to read the meeting papers. This suggests not merely a training need but also a problem of attitude and prioritisation. This is discussed further in section 7.14 'Future Research.'

Sections 2.9 and 6.2.3. of this thesis found a significant conflict of interest between councillors' roles in oversight functions and the expectation of party allegiance, particularly where the audit committee member is also a member of the controlling group. As described in section 5.4.7.2 above, Contributor 6 perceived this situation to be the administration marking its own homework. Section 5.4.6 discussed the personal resilience needed by audit committee members. Contributor 6 found his audit committee role to be demanding in terms of the personal resilience required to 'take the brickbats'. By contrast, Contributor 2 felt secure that her party group understood that her audit committee position potentially involved criticism of her own party group's administration.

This section points to matters relating to councillors' roles on audit committees particularly regarding attitudes, the perceived low take-up of learning opportunities and the conflict with political expectations that add to the complexity of councillors' roles

indicating areas that could benefit from specific research. These issues are discussed further in section 7.14 ‘Future Research’.

6.7. THE SIGNIFICANCE OF THE FINDINGS

The significance of these findings lies in their diagnostic application and their potential for informing policy. The difference between the Husserlian phenomenological *noema*, the object as it is perceived and the *noesis*, the object as it actually is, is used diagnostically in fields such as optometry. In terms of Q.S.S.T., a similar distinction arises in the difference between the external structures (rules and resources) as they actually are and the internal structures of conjuncturally specific knowledge formed from individual and collective perceptions of the external structure. This diagnostic application can guide the development of policies aimed at bolstering governance and accountability as described in the next chapter.

CHAPTER 7: CONCLUSIONS

7.1. INTRODUCTION

This chapter first offers an answer to the research question and summarises the thesis that is the rationale for the answer. The chapter then sets out the conclusions, limitations, contribution and impacts on policy of this study and the scope for future research.

7.2. THE ANSWER TO THE RESEARCH QUESTION

This research began with the exploratory question:

‘How do councillors in English local councils perceive audit committees and what are the impacts of those perceptions on the audit committee’s contribution to governance and accountability?’

It concludes with the answer that, while councillors’ perceptions of audit committees were varied and some perceived them to be of value, there was a dominant narrative of negative attitudes, limited competence and partisan conduct that adversely impacted on the governance role of audit committees in some English local councils rendering them potentially ineffective in minimising the risk of governance failures and with limited value as a mechanism of public accountability.

The impact of these findings is to raise questions as to whether the current policy of establishing audit committees in local councils is entirely appropriate or whether a more independent positioning of internal audit in the management hierarchy and direct reporting to full council by external audit would be more effective.

7.3. SUMMARY OF THESIS

Chapter 1 introduced the research, setting out the background, research question and introducing the limitations that needed to be considered and the contribution of the research.

Chapter 2 set out the literature review which identified that the audit committee, the object of councillors' perceptions, is legitimised by reference to its governance role of overseeing aspects of audit, internal control and risk management and providing assurance to those responsible for decision-making that these safeguards are adequate and functioning. The literature review revealed, however, a perceptions gap between the purpose intended by regulators and effectiveness as perceived by agents involved in audit committees (Spira, 1999), a situation that could arise from weak structures (Hepworth and Koning, 2012).

No previous studies were found that specifically sought councillors' perceptions of audit committees in English local councils other than a few that included audit committee chairs among a wider range of participants, for example, Redmond, (2020) and Purcell, Francis and Clark, (2014). The literature review drew, therefore, on literature relating to actors in the private sector, for example, Spira, (2003) and elected members in other jurisdictions such as Kluvers and Tippet, (2010) and Ezzamel *et al.*, (2005) and in other contexts, for example, Ellwood and Garcia-Lacalle, (2016) and Parsons and Rumbul, (2021).

Prior studies relating to the commercial sector have limited relevance to audit committees in local councils because indicators of effectiveness such as audit fees, aspects of profit and shareholder confidence, for example, Turley and Zaman, (2004) and Ghafran and O'Sullivan, (2013,) do not apply in the majority of local councils in which audit fees

are negotiated annually by the central body Public Sector Audit Appointments (P.S.A.A.) and local councils do not make profit for shareholders in the way that is usual in the private sector, ruling out these proxy measures. Some studies, however, alerted this research to matters that could arise, particularly regarding attitudes, competencies and political influences.

The literature review revealed an empirical gap in relation to studies in English local councils, an epistemological gap in that perceptions of councillors on council audit committees had not specifically been sought and a methodological gap in that councillors had not previously been offered the opportunity to express their views in largely unstructured interviews in which they were free to lead the direction of the conversation in the direction that they felt relevant to them.

Chapter 3, The Theoretical Framework, described that, although the findings of the literature review could be interpreted through a number of established theories, Quadripartite Strong Structuration Theory (Q.S.S.T.) had been selected due to its phenomenological core, interpretative assumption and its linking of perceptions to outcomes but primarily because it held the attraction of a relatively unexplored theory for application in a relatively unexplored empirical area of research. The core of Q.S.S.T. is an attempted synthesis between agency theories and structural theories through an assertion that structure is both the means and the outcome of agency. This is purported through a quadripartite structure in which external structures, defined as the rules, resources and network of relationships that constrain and enable agency, are viewed through the agent's internal structures of hermeneutic understanding which then trigger agency that reconstructs or modifies the external structure. In the context of this research, external structures were deemed to be the audit committee as a subcommittee of the full council and

a mechanism of governance and financial accountability, the agent's internal structures were deemed to be councillors' perceptions of audit committees resulting in agents' behaviours that impact upon the council's governance and accountability negatively or positively.

Chapter 4, Research Design and Methodology, detailed the philosophical approach, prior theory, methodology, methods, and techniques employed in exploring councillors' perceptions of audit committees in English local councils. The design was based on the 'research onion' framework of Saunders *et al.*, (2016 p. 124). The research design set out a qualitative methodology of minimally structured interviews (conversations) that aimed to allow participants (contributors) to raise the issues that they perceived to be of importance with minimum leading from the interviewer with 24 agents in focus, councillors who, at the time of the interviews were, or recently had been, members of their various councils' audit committees.

The two key interview questions were aligned to Q.S.S.T., the first to elicit the dispositional knowledge of contributors being the knowledge and qualities that they brought to the role and the second question to elicit their perceptions of their council's audit committee with minimum leading from the researcher:

Question 1: Please tell me how you came to be on the audit committee and what, if anything, prepared you for the role.

Question 2: Please tell me your views on audit committees.

Chapter 5, Analysis of Interviews, used an analytical framework derived from the quadripartite nature of the theory. The interview responses were first clustered by the analytical theme and then further clustered into subthemes raised by contributors.

The theme 'The Cinderella Committee' clustered contributors' perceptions of the general dispositional framework, revealing the unpopularity of audit committees which

were considered low priority unless a governance issue arose. ‘The Schleswig-Holstein Question’ clustered perceptions of conjuncturally specific knowledge focussing on the knowledge that contributors perceived as necessary to fulfilling their audit committee roles. The theme title was derived from a contributor’s comment describing the complexity of local council financial audit reports and clustered responses relating to contributors’ perceptions of the knowledge and competence of audit committee members. ‘The Party Hat’ clustered contributors’ perceptions of the positional power relationships that enabled and constrained them in the performance of their audit committee roles exposing political influences and conflicts of interest within their audit committees. Aligning to the quadripartite framework of Q.S.S.T., each theme was then further analysed to explore the passive conduct and purposive agency to which these perceptions gave rise and the outcomes for the governance and accountability roles of the audit committee.

Chapter 6 presented the findings in the context of the phenomenological and theoretical approaches and of previous studies. While there were variations in the reports of contributors, the consistency of the narrative among contributors was, in the view of the researcher, convincing. The findings are summarised thematically.

The theme, The Cinderella Committee, is believed to be the first research to uncover negative attitudes and avoidance behaviours among local councillors. It is consistent with the perceptions gap identified by Spira (1999) in the corporate sector between regulators and agents involved in the practice of audit committees. While examples of well-functioning and respected audit committees were given by contributors, the dominant narrative was that the audit committee was perceived as a low priority bureaucratic function.

The theme, The Schleswig-Holstein Question, exposed the need for both simplified financial statements and accessible training to enhance councillors' understanding and competence and is consistent with the literature review findings from other contexts, for example, Ezzamel *et al.*, (2005), Hyndman, (2016) and Van Helden and Reichard, (2019).

Building upon these earlier studies, this research adds new findings concerning councillors' actions in response to perceived knowledge gaps with some seeking knowledge from network support groups and external training or sharing their skills. One contributor mentored a new member and another contributor coached an officer in presenting reports in 'plain English' but the positive outcomes of this agency could be temporary due to political changes affecting audit committee membership.

The literature review documented the impact of political allegiances on governance roles and accountability in other contexts, for example, Copus, (2008), Copus, (2016), Auerbach, (2021). The theme, The Party Hat, revealed from the first-hand accounts of participants in this research how the political context can negatively impact the audit committee's governance role. Despite some committees functioning well, contributors emphasised the need for personal resilience since, in many local councils, audit committees are structurally dominated by the controlling political group due to rules of political proportionality. Consistent with the findings of Redmond (2020), the audit committee chair in some councils was a member of the controlling group. One participant reported that the party group Whip was on the audit committee, a situation that the contributor likened to the administration 'marking its own homework'. However, two contributors perceived positive change when partisan chairs were replaced, in one case by a co-opted independent chair.

7.3.1.1. Actions and Outcomes

Some contributors, whose prior knowledge of audit committees conflicted with their perceptions of their council's audit committee structure or practices, attempted to instigate change. One contributor successfully modified negative attitudes by making audit committee meetings less formal and through positive messaging but, when she left the audit committee due to the political changes, these practices were not continued. Another contributor, perceiving an issue of inquorate meetings due to councillors appointed to the audit committee by their leaders failing to attend, used his knowledge of his council's rules and resources to reduce the committee size, a change that continued through a subsequent change in political control, offering a clear example of the structuration argument that structures, deemed to be the rules and resources within which agency is conducted, were the means of his agency, the outcome of which was a modification to the audit committee that he perceived to be an improvement to its governance and accountability functions.

7.3.1.2. Thematic Overview

The above themes may be interconnected in that councillors' low priority for audit committees could deter them from undertaking the necessary training particularly if their future role or re-election is uncertain and their political party takes party loyalty into consideration when deciding whether they will be reselected to stand at the next local election.

Chapter 7, Conclusions, discusses the conclusions drawn from the empirical findings, theoretical findings together with the limitations of the research and its contributions and policy impacts.

7.4. CONCLUSIONS FOR Q.S.S.T.

The findings of this research in relation to Q.S.S.T. are set out in section 6.5 above. In this research, the Q.S.S.T. framework was used to trace connections between dismissive attitudes, knowledge deficits and conflicts with partisan allegiances leading to behaviours that negatively impacted the audit committee's role in governance and accountability.

As discussed in section 6.5 of this thesis, the difficulty in the quadripartite framework of the theory is in setting the boundaries of the external structure in relation to the network of interdependencies that also enable or constrain agency. Where an agent's actions necessarily pass through position-power dependencies, for example, the consultations and agreements with officers and non-audit committee councillors required to change the audit committee chair, unless those dependencies are deemed to be a part of the structure of the audit committee, the structuration principle of the structure as the means of the agency does not hold.

This research concludes that the structuration principle provides a limited explanation of the findings in this case due to the positioning of the audit committee within a wider network of interdependencies.

The study does, however, find that the quadripartite framework provides an analytical framework that may be used to structure a 360⁰ exploration of councillors' perceptions of audit committees and the impact of those perceptions on the governance and accountability roles of audit committees in English local councils.

7.5. CONCLUSIONS FOR COUNCILLORS' PERCEPTIONS OF AUDIT COMMITTEES

While not unanimous, the dominant perception of contributors was of a general dispositional framework in which audit committees are perceived as dull, unimportant and low in the hierarchy of concerns with only a few who saw them as mechanisms of

governance. Contributors reported concerns about the competence of audit committee members and their perceived unwillingness to read the committee papers, the length and complexity of reports and the potential for officers or the political administration to conceal important information. Contributors perceived the audit committee structure, based on political proportionality, to be a hindrance to audit committee independence creating a conflict of interest that constrained members' ability to question the decisions of their own party group and required a high level of personal resilience to counter.

There was recognition among contributors that the audit committee consists of two groups of members, one engaged and one not. Despite the presence of non-engaged members, some contributors perceived that having a few committed individuals on the audit committee was sufficient for the committee to fulfil its governance role.

This research concludes that, overall, there were intermediate views along the continuum from perceptions of audit committees as completely ineffective and the opposite extreme of totally effective but largely weighted through a consistent narrative toward degrees of ineffectiveness.

7.6. CONCLUSIONS FOR IMPACTS ON GOVERNANCE AND ACCOUNTABILITY

The literature review revealed multiple interpretations of the terms 'governance' and 'accountability' by which audit committees are legitimised. The National Audit Office defined governance in local councils as the decision-making process and the Chartered Institute of Public Finance and Accountancy (CIPFA) described audit committees as contributors to governance. In order for audit committees to contribute to decision-making, there must be some form of communication.

The conclusion of this research is, however, that communication between audit committees and decision-making committees and the full council is not always evident.

Ten contributors addressed the question of audit committee reporting to full council when prompted. Two contributors stated that reports did not go beyond the audit committee, while others mentioned that significant issues could be sent to the full council or that an annual report was sent by the audit committee chair. Some contributors were unsure. This raises questions as to how audit committees communicate assurance of adequate controls or deficiencies in risk management and internal control systems to decision-makers.

Contributors also perceived that the administration deliberately withheld information from the audit committee to avoid negative publicity, blocking the audit committee from acting in its governance and accountability roles. Some contributors linked this to the issuance of section 114 notices. These findings align with Redmond (2020) and highlight a disconnection between audit committees and decision-making governance reported by contributors.

Negative perceptions, lack of engagement, inconsistent attendance, failure to read the committee papers, a skills gap and political allegiances may impair the audit committee's ability or willingness to question effectively. Changes in membership due to the political context and election cycle disrupted continuity and negated improvements.

In relation to the impacts of councillors' perceptions on accountability, audit committees are capable of acting as the public accountability forum described by Bovens (2007), particularly since audit committee meetings are now mostly publicly available as live video and video recordings on the Internet. Some contributors saw this as fulfilling an accountability role while others did not see audit committees as contributing to public accountability, particularly where reports presented to the audit committee were obscured by technical jargon. The varying meanings of 'accountability' might be a contributory factor in the lack of clarity.

This research concludes that, consistent with the findings of Turley and Zaman, (2004) in the private sector, there is evidence that, in local councils, the existence of an audit committee does not, of itself, improve governance but that may contribute to public accountability.

7.7. LIMITATIONS OF THE RESEARCH

The research used a qualitative approach which lacks the generalisability of a quantitative methodology. The study found limited prior research and has relied on indirectly relevant studies with a risk of bias in the selection of material. The four participants in the pilot study were known to the researcher with the potential influence of prior acquaintance on participant responses. The small, self-selected sample may not represent all councillors serving on audit committees and contributors' perceptions may change over time due to personal, societal, institutional or political influences. These limitations should be considered when interpreting and evaluating the findings of this study or in the design of future research.

This approach has, however, yielded rich, detailed data with a consistent narrative across contributors who are unrelated, other than by their membership of their council's audit committee and that is consistent with previous studies in other contexts.

7.8. CONTRIBUTION TO KNOWLEDGE

This study is believed to be the first to explore the perceptions of audit committees among local councillors in England and their impact on the governance and accountability roles of the audit committee. Using a phenomenological approach and Stone's quadripartite strong structuration theory, it has revealed the perceptions of a self-selected sample of councillors who were members of their local council's audit committee at the

time of the interviews. The research discovered contributors' challenges such as low engagement and prioritisation and the negativity of the general-dispositional-framework regarding audit committees.

The study contributes to knowledge of the capacity of audit committee councillors to effectively fulfil their roles in governance and accountability, particularly the challenges faced by councillors in comprehending financial information and questioning officers' reports and the potential implications of these challenges for the effectiveness of audit committees.

The research contributes to knowledge of the impact of the political context on audit committee independence and effectiveness as reported by contributors. It has exposed the conflicts of interest that can arise for councillors on audit committees from partisan allegiances and the challenges faced by councillors in publicly questioning and challenging their own political leadership. It also discovered the importance of contributors' personal resilience in effectively carrying out governance roles within a political environment.

7.9. CONTRIBUTION TO LITERATURE

The literature review revealed empirical, epistemological and methodological gaps in the existing literature. From an empirical standpoint, no other studies were found that specifically explored councillors' perceptions of audit committees and how these perceptions influence the committee's role in governance and accountability. This research initiates the process of bridging this gap.

Epistemologically, this research prioritises councillors' subjective perceptions, rather than presenting an objective, 'expert' report. Methodologically, previous research on audit committees has typically relied on the researcher's knowledge, derived from experience or prior research, to formulate interview questions or survey instruments for

various participants. In contrast, this research utilised minimally structured interviews, allowing contributors to lead the research by raising the issues that concerned them.

7.10. PROFESSIONAL CONTRIBUTION

In the professional field, the research informs professional officers of the need to communicate with non-professionals in a meaningful way, revealing a need for simplified, comprehensible reporting. Where professional officers are required to train councillors, this research informs officers of the need to progress beyond the traditional PowerPoint presentation of the role of the audit committee and to signpost councillors to external training such as that provided by the Local Government Association, which contributors to this research found to be helpful.

7.11. THEORETICAL CONTRIBUTION

It is believed that this research constitutes the first application of Quadripartite Strong Structuration Theory to local councillors' perceptions of audit committees and the impacts on governance and accountability with findings for the theory and the quadripartite framework, contributing to the theory in relation to the specific empirical application and the use of Q.S.S.T. as an analytical framework.

7.12. ACADEMIC CONTRIBUTION

The academic contribution of this thesis lies in its exploration and strong structuration analysis of councillors' perceptions of audit committees in English local councils and the impact of these perceptions on the audit committee's governance and accountability roles. This study is believed to be the first to specifically investigate this area, filling an empirical gap in existing literature. The research employs a phenomenological approach and Quadripartite Strong Structuration Theory (Q.S.S.T.) to

provide data on the subjective experiences and views of councillors regarding audit committees in English local councils.

The study provides new insights into councillors' perceptions of audit committees. While some reported that the audit committee in their council was working effectively, the study also revealed negative attitudes, limited competence and partisan conduct that can impair the effectiveness of audit committees in fulfilling their governance roles. By prioritising councillors' subjective perceptions, the research offers a deeper understanding of the internal structures that precipitate councillors' actions, rather than presenting an objective assessment of audit committee effectiveness.

The use of minimally structured interviews, 'conversations', allowed contributors to lead the direction of the conversation, uncovering new concepts and insights that might not have been revealed through more structured approaches. The quadripartite framework of Q.S.S.T. is used as an analytical tool to structure the analysis of perceptions and their impacts on governance and accountability.

The findings raise questions about the suitability of audit committees in the political context of local councils and suggest potential reforms, such as simplifying financial statements, enhancing training, and considering radical alternative models of reporting.

Overall, this thesis contributes to the academic understanding of audit committees in local councils, informing policy discussions on improving governance and accountability in local government as discussed in sections 7.13 and chapter 8 and offering a basis for future research as described in section 7.14.

7.13. POLICY IMPACTS: PAVING THE WAY FOR REFORM

The major policy implication arising from this research concerns whether audit committees, adopted from the private sector, are appropriate in the political context of local councils.

Audit committees are currently optional in English local councils except for Mayoral authorities but are strongly promoted by those with regulatory oversight on the assumption that audit committees contribute to governance and accountability. This research questions that assumption. Consistent with reports of regulators, this research finds that issues of competence and the political context can neutralise the potential benefits of an audit committee in local councils. To some extent, competency can be addressed through the provision of external training courses that focus on the needs of councillors and are delivered by modern training methods. The audit committee could be restructured to dissipate the political bias and provide a degree of continuity by the inclusion of independent coopted members although this would still leave the problem of how political groups are numerically represented on the audit committee.

An important aspect of audit committees is that they give a form of non-managerial status to internal audit. In local councils, internal audit tends to have a low status in the management hierarchy, mostly reporting to the Chief Finance Officer. This was of concern to some contributors as discussed in section 5.3.3.2. The presentation of internal audit reports to the audit committee and, in those councils where it occurs, private meetings between the chair of the audit committee and the Chief Internal Auditor give status to internal audit above its position in the management hierarchy. If audit committees were to be replaced by alternative arrangements, the positioning of internal audit in the local

council management hierarchy or partnership or contracting out arrangements would need to be considered to ensure its ability to perform its work with independence.

The findings of this research indicate three clear policy choices: first, accept the current situation; second, improve council audit committees to make them more effective; third, abolish audit committees in local councils and replace them with enhanced reporting. These options are not mutually exclusive and can contribute to a hybrid approach.

7.13.1.1. Option 1: No change

In favour of the first option, to accept the current situation, some contributors perceived the audit committee in their councils to be working effectively. In the perception of some contributors, having an audit committee with a few knowledgeable members is sufficient for the audit committee to fulfil its governance responsibilities. Although the work was carried out by a small number of knowledgeable and committed audit committee members, varying degrees of engagement among audit committee members was perceived as a natural aspect of life, adequate for fulfilling the audit committee role and present in most group settings including other council committees.

There is a potential benefit to audit committee effectiveness in that the audit committee's unpopularity allowed those with knowledge of finance or governance and a commitment to using their expertise for the benefit of the council to become members of the audit committee without competition for the role.

7.13.1.2. Option 2: Reform

This research might be used to support the second option, to improve the effectiveness of the audit committee through policies to remedy the weaknesses perceived by contributors and a list of contributors' own recommendations is given in section 5.7 above. This is the policy approach inherent in the reports by CIPFA (2022), Redmond

(2020) Grant Thornton (2022), discussed in section 2.5 above, that audit committees in local councils are assumed to be the appropriate means of giving the required assurances and should be made to work. By identifying the problems and potential solutions this research paves the way for those reforms.

7.13.1.3. Option 3: Replace

The third policy option that could be supported by this research is to abolish audit committees in local councils and replace them with enhanced reporting. Ultimately, it has to be acknowledged that councils are not merely administrative organisations but also political institutions. Returning to the conclusion of Copus (2016) discussed in chapter 2, in order to understand the experiences of councillors, it is essential to recognise that councillors are, first and foremost, politicians in a political environment (Copus, 2016 p.53). It would be pertinent to question whether a councillor, who has been selected by his or her party, campaigned for that party and elected as a member of that party could reasonably be expected to risk his or her standing with that party and reselection for the next election by raising matters in an audit committee meeting that do not cast that party's administration in a positive light. It is clear from the research that some will do so. It is equally clear that this requires an exceptional degree of personal resilience and the question must be asked as to the suitability of audit committees in the political environment of local councils or whether a policy of finding a place of greater independence for internal audit reporting in the management hierarchy and direct reporting to the full council by external audit may be more effective as a mechanism of governance and accountability.

7.14. FUTURE RESEARCH

This study provides a foundation for further research. Its exploratory nature and openness to new concepts has uncovered previously undocumented issues within the sample group. These findings offer potential indicators that can be developed into falsifiable hypotheses that may be put to the broader population of council audit committee members to examine the extent of the problems and research based on other theories may shed further explanatory light on the findings of this research.

There is potential for comparative research to evaluate audit committee effectiveness across multiple local councils to identify best practice and areas for improvement.

Longitudinal studies that track the performance and impact of audit committees over time could provide insights into how governance practices affect audit committee effectiveness over time and to understand how the political dynamics within councils influence the functioning and effectiveness of audit committees across election cycles.

Studies into the potential for simplified financial reports, designed in consultation with councillors and other non-expert users, along with research focused on the training and development needs of council audit committee members, are also warranted. Studies might also focus on the impacts of the electoral cycle and political reshuffles that may result in audit committee membership being short-term, negating collective knowledge acquired through training and which councillors may be reluctant to undertake for the prospect of short-term membership on an unpopular committee.

Addressing these research gaps would further enhance understanding of the role and impact of audit committees in local governance and accountability and provide an

informed basis from which to improve their effectiveness or replace them with alternative arrangements.

This structuration analysis provides a genus for further research from alternative perspectives.

Research focussed on an analysis of councillors' audit committee roles could provide theoretical and empirical alternatives to the structuration perspective adopted by this research and aid understanding of the audit committee from a role perspective.

The interview analysis indicated the concerns of some councillors regarding the necessary knowledge and skills in relation to audit committees. Research focussed on councillors' training needs could advance understanding of the issues uncovered by the structuration perspective, for example, why many councillors are not accessing the training provided, for example, by the Local Government Association which, those who have experienced it, found helpful. It could examine in greater detail how councillors engage in learning through reflection on their experiences of audit committees in other sectors and their use of mentoring, networking and briefings as sources of learning and why some do not do this. This area of research could provide a basis for the development of strategies aimed at promoting learning.

Future studies from these alternative perspectives could augment existing understanding of councillors' perceptions of their roles and learning needs.

7.15. THE PRISM OF UNDERSTANDING

It is important to note, however, that the above conclusions are based on the perceptions of a specific group of actors in the council audit committee system, the *noesis* of Husserlian phenomenology and Q.S.S.T.'s internal structures that are comprised of the individual experiences and assumptions that act as the hermeneutic prism through which

external structures are perceived and understood. These perceptions are not an objective assessment of the effectiveness of audit committees but represent contributors' own individual views of them.

Ultimately, the conclusion of this research agrees with the perception of Contributor 5 that whether audit committees are a mundane necessity or an active component of governance and accountability depends on individual perception. In the words of Contributor 5:

'I think it is just about seeing it [audit committee] as a vehicle for improvement and not as, "Oh God, there's an audit committee. We'd better get some people on it."' C5/39

CHAPTER 8: ADDENDUM

In December 2024 while this thesis was being prepared for submission, the government issued a Statement of Intent and Consultation document entitled, ‘Local audit reform: A strategy for overhauling the local audit system in England’ (Ministry of Housing, Communities & Local Government, 2024) referred to in this addendum as the ‘strategy document’. This addendum discusses the strategy document and its implications for audit committees in the light of the findings of this research.

The strategy document addresses problems in the current system as described by Redmond (2020) with timetabled actions for clearing the backlog of unfulfilled and incomplete audits currently in the local council audit system and presents the Government’s intention to establish a new Local Audit Office with oversight and delivery responsibilities for local authority audit. The strategy document also states an intention to simplify financial reporting including considering the requirements of users.

Specifically relating to audit committees, the strategy document announces an intention to make audit committees mandatory in all local councils with at least one independent (advisory) member with the possibility of that independent member being the audit committee chair. External audit and, possibly, internal audit will report directly to the full council. The government invites responses as to whether the chair of the audit committee should be an independent member. It also consults on whether regular meetings should take place between senior officers and audit partners to strengthen relationships and give early warning of potential problems.

There are, however, some matters raised by the research conducted for this thesis that are not addressed by the strategy document, particularly issues of nondisclosure of significant matters to the audit committee and the effects of political allegiance.

8.1. CLEARING THE BACKLOG OF OUTSTANDING AUDITS

The Government's strategy document sets out actions for simplifying audit requirements and timetables steps for clearing the backlog of incomplete external audits in local councils.

While not the focus of this research, section 2.3.4 of this thesis describes the concerns of the Redmond Review regarding difficulties in the completion of audits in local councils. Some contributors to this research expressed concern regarding the current arrangements as discussed in the interview analysis 5.3.3.1 of this thesis. On this basis, the findings of this research support the need for actions such as those proposed by the strategy document to manage the completion of outstanding audits.

8.2. ESTABLISHMENT OF A LOCAL AUDIT OFFICE

A key component of the strategy document is the establishment of a new Local Audit Office (L.A.O.) which will have responsibility for local audit including aspects of the local audit regime that are currently split between seven organisations. There will also be an enhanced focus on Value for Money (V.F.M.) (economy, efficiency and effectiveness) and collective results will be collated to form a repository of audit information specific to the sector.

As discussed in section 5.3.3.1., contributors' perceptions of the current external audit arrangements were critical. Contributor 1 was sceptical about the value of external audits, seeing them as merely 'ticking boxes'. Contributor 2 believed that the external auditors were not fulfilling their contractual obligations and were reluctant to engage with the council audit committee. Contributor 3 perceived a decline in the rigour of external audits compared to the past. Contributor 8 questioned the value for money of major audit firms and their understanding of political decisions in councils. Contributor 10 reported

that external auditors attributed delays to a lack of clarity in national legislation. Several contributors, including Contributors 5, 11, 12, 20, and 24, expressed a preference for the former Audit Commission, which they felt provided more effective oversight and sector specific knowledge.

Contributor 5 perceived the Audit Commission to have provided, in addition to delivering council audits largely on time, an accessible repository of knowledge across the local government sector.

In this extract from the interview, Contributor 11 perceived a case for bringing back the Audit Commission, albeit under a different name.

Researcher: What do you feel needs to be changed for things to get better?

Contributor C11/35: Bring the audit commission back. I keep coming to this, don't I!

Researcher: You'd like to see the audit commission back?

Contributor C11/36: I would, actually, yes. Or something, you don't have to call it that.

The research carried out for this thesis supports the establishment of the new L.A.O. with a remit substantially similar to that of the Audit Commission, a model that was largely seen to function more effectively than the current system.

8.3. SIMPLIFYING THE FINANCIAL STATEMENTS

The strategy document commits to simplifying financial statements for local councils in consultation with users.

The need for simplified financial statements is fully supported by the findings of this research as described at length in section 5.3 above and summarised by Contributor 17.

'I mean, nothing prepares you for looking at the annual accounts for a local authority because they are insane.' C17/9

This research presents strong evidence of the need to simplify the financial statement to the extent that councillors on audit committees and the public could

understand the content and suggests that it would be a major step forward for governance and financial accountability in local councils.

8.4. INDEPENDENT MEMBERS

The strategy document proposes the statutory inclusion of at least one independent member on council audit committees.

Independent members are members of the audit committee who are not elected members but have been engaged to provide expertise. To distinguish them from members of the political group known as ‘Independent’, they may be referred to as advisory or coopted members.

The findings of this research concerning independent members is set out in detail in section 5.3.7. The interviews revealed that contributors’ perceptions of independent members were mostly positive, placing value on the expertise and the continuity through political changes that they brought.

Contributor 2 perceived independent members to be helpful in identifying risks at an early stage.

‘They know where the bodies are buried, so to speak, or potentially where they are. And they can pick things up and almost advise before anything might happen.’ 2/9

Contributor 7 was more sceptical and somewhat dismissive of the contribution of independent members.

‘I can’t even remember their names.’ 7/34

The evidence from this research as to the value of independent audit committee members is inconclusive. There were differences of practice between councils as to whether independent members had voting rights or were restricted to an advisory capacity.

It is suggested that much may depend on the individual disposition of the independent members, particularly their ability to communicate their knowledge in language comprehensible to non-finance people and their willingness to engage with and proactively advise the council audit committee rather than to be simply a point of reference for technical queries.

8.5. INDEPENDENT CHAIRS

The Government's strategy document invites responses as to whether local councils should have an independent member as the audit committee chair.

Contributors 6, 16 and 17 were members of audit committees that were chaired by independent members and their experiences are discussed in section 5.3.7 of this thesis.

Contributor 6 perceived that the appointment of an independent member to the audit committee chair resulted in less partisan behaviour and greater audit committee independence. Follow-up observation of an audit committee meeting in Contributor 6's council showed the independent chair to be robustly managing a difficult meeting, keeping political displays to a minimum and steadfastly holding to the remit of the audit committee as contained in the council's constitution.

Despite having an independent audit committee chair, Contributor 16 questioned the effectiveness of the audit committee in his council.

‘I suppose the good was that it was relatively good-humoured, which bodes well. But my concern, as I said, would be just how effective it is.’ C16/38

Contributor 17 perceived having an independent chair to be helpful to collaborative working but perceived private meetings between the chair and officers to lack transparency.

‘So definitely room for collaboration. And as I say, it’s very much led by the independent member, the chair but what I want to do is make sure that other people can see that the conversations are happening.’ C17/23

This research has collated perceptions of independent chairs from a very small number of participants resulting in insufficient evidence to form a view. It is suggested that, as with other members of the audit committee, much may rest upon individual disposition and the ability of the person to manage meetings in a fiercely political context.

Independent chairs could, however, assist in mitigating issues uncovered by this research relating to non-disclosure of significant matters to the audit committee and this is discussed in section 8.6 below.

8.6. NONDISCLOSURE AND OFFICERS’ MEETINGS WITH AUDITORS

The governments’ strategy document does not address matters relating to the perceived nondisclosure of significant issues to the audit committee uncovered by this research.

As discussed in section 5.3.13 and 5.4.4 of this thesis, some contributors to this research perceived a lack of disclosure of issues by the administration that should have been considered by the audit committee believing that information was withheld to avoid political embarrassment or by officers concealing information to avoid accountability.

Contributor 23 was particularly strong in expressing his perception that important matters were deliberately withheld from the audit committee.

‘But clearly audit committee wasn’t kept properly informed. We were allowed to believe it was okay when it clearly wasn’t. And that’s the sort of thing I mean. It’s almost like the idea is to keep this information from audit committee so as to avoid trouble.’ C23/22

Shortly after the interview, Contributor 23's council announced a section 114 notice and the project of which Contributor 23 was speaking was named in the section 114 notice as a major contributory factor.

The strategy document paragraph 101 refers to a potential requirement that the audit partner should meet with senior officers at least twice yearly 'as well as with the Audit Committee chair'. In the section 'Commitments' on page 38, however, the meetings are said to include senior council officers but the audit committee chair is not included.

Without the presence of the audit committee chair, suspicions could increase that officers or the administration could withhold information from the audit committee. A non-independent chair from the controlling group could undermine the audit committee's role by nondisclosure of important issues discussed by officers and auditors and an opposition chair could politicise non-material matters. It would, therefore, be important that the audit committee chair is independent of the politics involved. This research would suggest that the inclusion of an independent audit committee chair in the meetings of senior officers and audit partners could provide a route through which the audit committee can be made aware of significant issues, enabling it to fulfil its responsibilities.

Thought might also be given to the inclusion of the council leader since he or she should not be able to claim that they were unaware of an issue that might be of concern to the auditor.

8.7. MANDATORY AUDIT COMMITTEES

The strategy document announces the intention of the government to make audit committees mandatory in all local councils. It makes an unquestioned assumption that audit committees are the best way to achieve the required level of assurance. As discussed in section 7.6 above, this research found that the establishment of an audit committee does

not, of itself, improve governance but that other measures are also required to deal with dismissive attitudes, the limited competence of members, the impacts of the political context and a perceived nondisclosure of significant matters.

8.8. DIRECT REPORTING OF AUDITS TO THE FULL COUNCIL

The Government's strategy document proposes direct reporting of external audit and, possibly, of internal audit to the full council. This is a hybrid solution in terms of the options set out in section 7.12 of this thesis.

This research supports direct reporting of audit to the full council which would overcome the disconnection between audit opinion and governance revealed by the research conducted for this thesis as set out in detail in section 7.6 above. In the words of Contributor 21:

‘I think it's far better to put the emphasis on both internal and external audit to do their job and have them report direct to the council so they (councillors) know what's going on. C21/6.

8.9. INTERNAL AUDIT

Paragraph 121 of the Government's strategy document refers to whether internal audit reports should be considered by the full council.

Internal audit reports are a major component of audit committee business but, as discussed in section 5.3.3 of this thesis, contributors to the research carried out for this thesis expressed concerns concerning how its relatively low position in the management hierarchy affects its independence.

Contributor 6 was concerned that internal auditors might face difficulties in reporting on their colleagues.

‘They (internal auditors) have to go back after the audit meeting and work with their officers and their colleagues, right? So, we might say something at an audit meeting but they gotta go back and function

with their colleagues ... the question would be, could those internal processes be strengthened? 6/32

Contributor 12 would like to see internal audit, which in local councils often reports to the section 151 officer, repositioned in the management hierarchy.

And that's the problem that we've got. If you've got a third-tier officer, you've got a problem. But if you have them, the audit officer, as part of your management team it will be more functional.' 12/57

This research suggests that, for internal audit to be seen to be reporting 'without fear or favour' to the full council may require an adjustment to its current positioning in most councils in which the Chief Internal Auditor typically reports to the Section 151 Officer.

8.10. ENGLISH DEVOLUTION WHITE PAPER

Also published in December 2025 is a white paper on devolution (H.M. Government, 2025) which presents proposals for the reorganisation of local authorities into larger Foundation Strategic Authorities and Mayoral Strategic Authorities. In local government, two-tier local councils will be replaced by unitary authorities with greater autonomy.

Returning to an opening premise of this research discussed in section 4.3.3. of this thesis, the properties of the audit committee are the properties of its members. If the members are engaged, competent and independent, then the audit committee will possess those qualities irrespective of the tier of local government in which it is positioned. Contributor 2, the chair of the audit committee in a combined authority, observed the unwillingness of some councillors to attend, resulting in meetings sometimes being inquorate and, therefore, unable to conduct business.

'We were not always quorate. With eight members from four different constituent authorities, some, I'm sure, thought, 'Oh, it's OK, someone else will go'. C2/5

The consistency of contributors' narratives across the range of council types listed in table 2 in section 4.5.9. of this thesis suggests that audit committees may remain largely unchanged in the new council structures.

8.11. SUMMARY

The research conducted for this thesis provides substantial evidence of the need for reform of a currently paralysed local audit system and for simplifying the financial statements. In these respects, the research supports the proposals outlined in the government's strategy document. The research also identifies some potential benefits of including independent members and chairs on audit committees while emphasising the importance of their personal ability to engage and communicate.

Not addressed by the strategy document, this research has identified critical issues of nondisclosure which could be mitigated by including independent audit committee chairs in officers' meetings with the auditors.

The strategy document's proposal to make audit committees mandatory is partially supported by the research but the research suggests that additional measures are required to address attitudes, competence and the inherent conflict of interest between audit committee independence and party loyalty, particularly where the audit committee membership is based on political proportionality.

Overall, the research supports the strategy document's initiatives although further work will be required for audit committees to be sure of achieving their intended contribution to governance and accountability.

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