GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3519

Establishment of a GLA Audit Committee

Executive summary:

The Mayor is recommended to establish an Audit Committee for the GLA, as required by section 33A of the Local Audit and Accountability Act 2014, and agree a related delegation to the Chief of Staff.

Decision:

That the Mayor:

(a) establishes an Audit Committee for the GLA (as required by section 33A of the Local Audit and Accountability Act 2014 (the 2014 Act)), with the membership composition, terms of reference and related procedures set out at Appendix A (including as amended by the Chief of Staff under delegated authority – see below)

(b) delegates authority to the Chief of Staff, in consultation with the Chief Finance Officer, to amend the membership composition, terms of reference and related procedures set out at Appendix A as appropriate to:

- ensure compliance with the requirements of any regulations made, and any guidance issued, under section 33A of the 2014 Act in respect of the Audit Committee
- ensure that the terms of reference remain consistent with relevant CIPFA guidance, professional standards and recognised best practice relating to Audit Committees and financial governance
- otherwise ensure that the Audit Committee functions effectively in line with any legal, policy or related developments or considerations that may arise from time to time.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature: [signature] **Date:** 2/9/21

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

1.1. Section 94 of the English Devolution and Community Empowerment Act 2026 (the 2026 Act) inserts a new section 33A into the Local Audit and Accountability Act 2014 (the 2014 Act). This requires relevant authorities, including the Greater London Authority (GLA), to establish an Audit Committee to exercise the following functions:

(a) reviewing and scrutinising the GLA's financial affairs

(b) reviewing and assessing the GLA's risk management, internal control and governance arrangements

(c) reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the GLA's functions

(d) making reports and recommendations to the GLA in relation to reviews conducted under paragraphs (a), (b) and (c).

1.2. Section 33A of the 2014 Act additionally provides that the Secretary of State may make regulations about:

- the membership of an Audit Committee
- the appointment of the members
- payment to the members of allowances, expenses, gratuities or pensions.

Section 33A also requires at least one member of the Audit Committee to be an independent person – as defined by anticipated regulations.

1.3. Section 33A of the 2014 Act came into force on 15 July 2026.

1.4. Under the 2014 Act, it is the Mayor who has the functions of establishing and making appointments to the Audit Committee, as required under section 33A of that Act.

2. Objectives and expected outcomes

2.1. The Mayor is asked to establish an Audit Committee with the membership composition, terms of reference and related procedures set out at Appendix A (below). The proposed membership composition of the Audit Committee reflects the currently anticipated requirements for membership (including the requirement for at least one independent member). The requirements for membership composition of the Audit Committee will be set out in regulations which have not yet been drafted, but will be made by the Secretary of State in due course.

2.2. The proposed terms of reference of this statutory Audit Committee that the Mayor is asked to establish (Appendix A) include remits that go beyond the functions contained in section 33A of the 2014 Act (see paragraph 1.1, above). However, this wider remit is relevant to an audit function and incorporates elements of current Chartered Institute of Public Finance and Accountancy (CIPFA) guidance in relation to Audit Committees; this approach is not precluded by section 33A.

2.3. The Mayor will make appointments to the Audit Committee in due course. The appointments will need to comply with relevant provisions of the Protocol on Mayoral Appointments. In accordance with

Mayoral Decision-Making in the GLA, these appointments can be made by way of a letter from the Mayor to the appointees, which should contain terms and conditions of appointment (including as to remuneration, if considered appropriate). Officers will advise on the recruitment process for any independent members to seek to comply with any requirements as to such appointments that may be contained in regulations expected to be made under section 33A of the 2014 Act regarding the required membership composition of the committee (see paragraph 2.1).

2.4. However, despite this, it is possible that appointments to the Audit Committee and the proposed membership, terms of reference and related procedures of the Audit Committee (set out at Appendix A) may not turn out to comply with the expected legal regulations and/or guidance. To this end, the Mayor is asked to approve a delegation of authority to the Chief of Staff, in consultation with the Chief Finance Officer, to amend the membership composition, terms of reference and related procedures (set out at Appendix A), as appropriate, to ensure compliance with the requirements of any regulations made, and any guidance issued, under section 33A of the 2014 Act. To ensure the GLA's Audit Committee remains effective in the future, the proposed delegation also extends to making such changes to ensure that the committee functions effectively in line with any legal, policy or related developments, or considerations, that may arise from time to time – including relevant CIPFA guidance.

2.5. The proposed delegation relates to membership composition of the Audit Committee (i.e., what posts or type of members will comprise the required membership of the committee). However, decisions on making changes to appointments of individuals (including terminating appointments, making new appointments and or amending terms and conditions of appointments) will be for the Mayor. In line with Mayoral Decision-Making in the GLA, any such changes could be effected by way of letters from the Mayor to the relevant individuals.

2.6. To note, the Audit Committee will be separate to the London Assembly's Audit Panel. The Audit Panel is established by the Assembly under the provisions of section 54 of the GLA Act 1999. Decisions about the future of the Audit Panel sit with the London Assembly.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty and, in exercising their functions, must have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and any conduct that is prohibited by or under the Equality Act
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- foster good relations between people who share a relevant protected characteristic and those who do not.

3.2. The "protected characteristics" are: age; disability; gender re-assignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; and marriage/ civil partnership status.

3.3. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

This can, in some circumstances, involve treating people with a protected characteristic more favourably than those without one.

3.4. There are no effects of this proposed decision, either positive or negative, that are foreseen on persons with a protected characteristic under the Equality Act 2010. It is anticipated that the Audit Committee will enhance the governance of the GLA, which may support it in carrying out its responsibilities under the Equality Act. Independent persons will be recruited through an open advert process and with an emphasis on inclusive recruitment.

4. Other considerations

Key risks and issues

4.1. The key risk is that the membership arrangements for – and appointments to – the Audit Committee do not fully comply with forthcoming regulations. The likelihood, and impact, are both low.

Mitigation

4.2. The proposed arrangements for an Audit Committee are designed to comply with what is understood will be the likely content of regulations. Officers will advise on recruitment and appointments – both in light of what is expected regarding regulations and based on experience of comparable appointments.

4.3. It is also proposed that the terms of any appointments will include provisions that:

- the appointment may or will terminate in the event that the appointee is disqualified from, or is not eligible for, the role – this is due to provisions of regulations that are anticipated under section 33A(5) of the 2014 Act

- at any time during the appointment, terms and conditions may be varied by the Mayor to ensure that they are compliant with the provisions of regulations made under section 33A(5) of the 2014 Act.

The Chief of Staff, in consultation with the Chief Finance Officer, has also been delegated authority to make changes to the membership composition, terms of reference and related procedures, to ensure compliance with legal requirements and any statutory or other relevant guidance.

Links to Mayoral delivery plans and other strategies and priorities

4.4. The establishment of the Audit Committee will contribute to the effectiveness of the GLA's governance, risk and control arrangements.

Consultations

4.5. No consultation process or impact assessment is required prior to taking the decisions set out. However, the Mayor of London has informally consulted the London Assembly, through discussions with the Chair and Group Leaders, on the proposed membership arrangements, and the terms of reference for the Audit Committee, ahead of it being established. The establishment of an Audit Committee is required to meet relevant provisions of the 2014 Act.

Conflicts of interest

4.6. No staff involved in the drafting of this form have any conflicts of interest in relation to the proposed decisions.

5. Financial comments

5.1. The establishment of the Audit Committee will give rise to additional costs – principally relating to the allowances for the independent members, and the provision of an appropriate training and development programme. In line with CIPFA guidance, committee members will be expected to undertake ongoing training to maintain the knowledge and skills required to discharge their responsibilities effectively.

5.2. Allowances for the independent members will be set by the Mayor as part of the appointments process. Relevant costs and an annual training and development budget of £10,000 will be funded from the Chief Finance Officer's budget in 2026-27. Ongoing funding requirements will be considered and reflected, as appropriate, through the 2027-28 budget-setting process.

6. Legal comments

6.1. Section 94 of the 2026 Act inserts a new section 33A into the 2014 Act; and requires relevant authorities, including the GLA, to establish an Audit Committee to exercise the functions identified at paragraph 1.1, above. Section 94 (and therefore section 33A) came into force on 15 July 2026 in respect of Category 1 authorities for the purposes of the Accounts and Audit Regulations 2015. The GLA is such a Category 1 authority. Accordingly, the GLA is required to have an Audit Committee with the functions identified in section 33A(3) of the 2014 Act.

6.2. Section 33A(5) of the 2014 Act provides that the Secretary of State may make regulations about:

- the membership of an Audit Committee
- the appointment of the members
- payment to the members of allowances, expenses, gratuities or pensions.

It also requires at least one member of the Audit Committee to be an independent person – as defined by regulations.

6.3. By virtue of section 2, Schedule 2, paragraph 7, and section 44(7) of the 2014 Act, it is the Mayor who has the functions of establishing and making appointments to the Audit Committee – as required under section 33A of the 2014 Act, and any regulations made under that section.

6.4. For the reasons given in paragraph 6.3 above, the Mayor will be responsible for making appointments to the Audit Committee. The appointments will need to comply with relevant provisions of the Protocol on Mayoral Appointments, and Mayoral Decision-Making in the GLA (see paragraph 2.3, above). Appendix 5 of Mayoral Decision-Making in the GLA identifies that decisions on Mayoral appointments will be taken by Mayoral letter. Appointments to the Audit Committee, as well as any changes in appointments, can be made by Mayoral letters.

6.5. In taking the decisions requested of him, the Mayor must comply with the public sector equality duty. To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.6. Under section 38 of the GLA Act, the Mayor may delegate the exercise of any function exercisable on behalf of the GLA by the Mayor to any GLA member of staff, and subject to any conditions imposed by the Mayor. Accordingly, the Mayor may approve the proposed delegation to the Chief of Staff, in consultation with the Chief Finance Office, contained in decision (b) of this MD3519.

7. Planned delivery approach and next steps

7.1. Next steps are as follows:

Activity	Timeline
Recruitment of independent persons	August - September 2026
Anticipated first meeting of the Audit Committee	September – October 2026

Appendices and supporting papers:
Appendix A – Audit Committee Terms of Reference

Public access to information Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval. If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved <u>or</u> on the defer date.
Strategic Programmes **Does this decision seek approval for activity falling within the remit of a programme delivery plan? NO**
Part 1 – Deferral **Is the publication of Part 1 of this approval to be deferred? NO**
Part 2 – Sensitive information Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication. **Is there a part 2 form NO**

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: <u>Rebecca Arnold</u> has drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: <u>Fay Hammond</u> has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: <u>David Bellamy</u> has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓
Mayoral Delivery Board This decision was agreed by the Mayoral Delivery Board on 10 August 2026.	

CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature Fay Hammond

Date 17 August 2026

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature D. Bellamy

Date 17 August 2026