

Cherwell District Council

Accounts, Audit & Risk Committee

19 January 2022

Appointment of Independent Member to the Committee

Report of Director of Law & Governance and Monitoring Officer

This report is public

Purpose of report

To consider and agreed the proposed arrangements for the appointment of an Independent Member to s the Accounts Audit and Risk Committee.

1.0 Recommendations

The meeting is recommended:

- 1.1 To agree to recruit an Independent Member to the Accounts, Audit and Risk Committee.
- 1.2 To consider and approve the proposed arrangements for the appointment of an Independent Member as set out at paragraphs 3.1 and 3.2.
- 1.3 To approve the Background Information (Appendix 1) and Independent Member specification (Appendix 2) and if any amendments are required, to delegate final approval to the Monitoring Officer, in consultation with the Chairman of the Committee.
- 1.4 To delegate authority to the Monitoring Officer, in consultation with the Chairman of the Accounts, Audit and Risk Committee, to finalise the recruitment pack.

2.0 Introduction

- 2.1 It is not a statutory requirement for the Council to appoint an Independent Co-opted Member of the Committee, as it is for other public sectors. , It is, however, best practice to do so and many local authorities include Independent Members on their audit committees as this is seen as strengthening the internal control and governance of the authority. Independent Members with appropriate skills and experience can supplement those of elected Members and improve the effectiveness of audit committees.
- 2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) publishes best practice guidance to support the work of audit committees in local authorities. In the

2018 publication “Audit Committees: Practical Guidance for Local Authorities and Police” , CIPFA “endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee” .

2.2 The guidance notes two key benefits of appointing an Independent Member:

- a) To bring additional knowledge and expertise
- b) To reinforce the political neutrality and independence of the committee

2.3 The Redmond Review commissioned by the then Department for Housing Communities and Local Government in late 2019 reviewed the arrangements in place to support the transparency and quality of local authority financial reporting. The findings were published in September 2020 and recommendations included that consideration should be given to the appointment of at least one independent member, suitably qualified, to local authority Audit Committees. The Government, in its published response to the review in December 2020 accepted this recommendation.

3.0 Report Details

3.1 Independent Persons are non-councillors who are suitably qualified with experience in the area of audit/governance and bring specialist knowledge and insight to the workings and deliberations of the audit committee.

3.2 The CIPFA guidance is clear that the Independent Member position should be publicly advertised and that appointments should be for a fixed term to enable a refresh from time to time. As such, it is proposed that the role be advertised for a two year fixed term, renewable once. It is proposed that the review of any expressions of interest and interviews be carried out by the Director of Law and Governance & Monitoring Officer and the Director of Finance & Section 151 Officer and either the Chairman or Vice-Chairman of this Committee.

3.3 The decision to appoint an Independent Member to the Accounts, Audit and Risk Committee rests with Full Council. Following the recruitment process, the Director of Law and Governance & Monitoring Officer would submit a report to Full Council on any potential appointment for Council to make any such decision to appoint. The report would also seek Council agreement to amend the Terms of Reference of the Accounts, Audit and Risk Committee to include an Independent Member (non-voting) as part of the Committee.

3.4 Appendix 1, Background information, and Appendix 2, Independent Member Specification, would form part of the information provided as part of the public advertisement. Assessment would reflect the knowledge and skills framework appended to the CIPFA guidance.

3.5 The Independent Member would not have voting rights on decisions coming before this Committee in the same way as elected members of the Committee. Rather, the Independent Member would be part of the Committee in an advisory and consultative manner and fully involved in the discussions on issues coming before the Committee.

- 3.6 Currently, the Council's Scheme of Members' Allowances includes a Special Responsibility Allowance (SRA) for co-opted members. The SRA is based on a recommendation of the Independent Remuneration Panel.. If a co-opted member were to be appointed to the Accounts, Audit and Risk Committee, the relevant remuneration is already in place

4.0 Conclusion and Reasons for Recommendations

- 4.1 In line with CIPFA best practice guidance, the Committee is recommended to approve the proposed approach for recruiting and appointing an Independent Co-opted Member to this Committee.

5.0 Consultation

Councillor Kerford-Byrnes, Chairman of the Accounts, Audit and Risk Committee, who is supportive of the proposal

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Not to recruit and appoint an Independent Member. This is not recommended as the council would not be compliant with CIPFA published best practice guidance.

7.0 Implications

Financial and Resource Implications

- 7.1 The Councils' Members' Allowance Scheme sets an annual allowance of £768 and a travel/mileage allowance for co-opted members. This is provided for in the Members' Allowance budget.
- 7.2 A decision to proceed with a recruitment exercise for the appointment of an Independent Member would carry a modest financial cost which can be accommodated within existing budgets.

Comments checked by:

Michael Furness, Assistant Director – Finance, 01295 221845,
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Legal Implications

- 7.3 A council's audit committee is established further to the Local Government Acts 1972 and 2000 and its purpose is to give assurance to elected Members and the public about the governance and financial reporting of the council.
- 7.4 Whilst there is no statutory requirement to appoint an Independent Member, rather it is considered best practice and the appointment of an Independent Member will assist and promote good governance.

Comments checked by: Chris Mace, Solicitor, 01295 221808,
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Risk Implications

- 7.3 The proposal to appoint an Independent Member to the Accounts, Audit and Risk Committee ensures compliance with CIPFA best practice guidance and seeks to address the risk that the effectiveness of the Committee may not be optimised through bringing in additional skills knowledge and expertise that add value to the experience and knowledge already provided by existing Members of the Committee.

Comments checked by:
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Equalities and Inclusion Implications

- 7.4 The recruitment will be an open and fair process, in line with our commitment to equal opportunities in employment and will positively welcome applications from all sections of the community, working within the framework of the law and published codes of practice.

Comments checked by:
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8.0 Decision Information

Key Decision (Executive reports only; state N/A if not Executive report)

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

All

Links to Corporate Plan and Policy Framework

Not applicable – the report is made pursuant to recommended best practice guidance

Lead Councillor

N/A

Document Information

Appendix number and title

- Appendix 1 – Background Information
- Appendix 2 – Independent Member Specification

Background papers

None

Report Author and contact details

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