

Cherwell District Council

Council

27 February 2023

Appointment of Independent Persons to Accounts, Audit and Risk Committee

Report of Monitoring Officer

This report is public

Purpose of report

To appoint Independent Persons to the Accounts, Audit and Risk Committee.

1.0 Recommendations

The meeting is recommended:

- 1.1 to amend the membership of the Accounts, Audit and Risk Committee to include two Independent Persons (non-voting).
- 1.2 to endorse the appointment of Sarah Thompson as an Independent Person, to be appointed for a four year term expiring on the date of the February Council meeting in 2027 and to delegate authority to the Monitoring Officer to make the appoint subject to the receipt of satisfactory references (if not received before the Council meeting).
- 1.3 to endorse the appointment of Harry Lawson as an Independent Person, to be appointed for a four year term expiring on the date of the February Council meeting in 2027 and to delegate authority to the Monitoring Officer to make the appoint subject to the receipt of satisfactory references (if not received before the Council meeting).
- 1.4 to note that the appointment of Independent Persons may be renewable in 2027 for a further term of four years subject to the Independent Persons wishing to continue in the role and Council agreeing the renewal of the appointment.

2.0 Introduction

- 2.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) has for many years recommended that local authorities have Independent Persons as part of their audit committees. Cherwell District Council recognises that adding

independent and technical experts to the Accounts, Audit and Risk Committees would further improve scrutiny on its financial position, especially in regard to the annual statement of accounts.

- 2.2 In recognition of the added value, this report sets out the outcome of the recruitment process to appoint Independent Persons to the Accounts, Audit and Risk Committee.

3.0 Report Details

- 3.1 Audit Committees are a key component of corporate governance. They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
- 3.2 Whilst it is not a statutory requirement to appoint an Independent Person, it is considered best practice by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.3 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 committee to provide:
- An effective independent assurance of the adequacy of the risk management framework.
 - Independent review of the Council's financial and non-financial performance.
 - Independent challenge to, and assurance over, the Council's internal control framework and wider governance processes.
- 3.4 The Independent Persons would not have a vote in the same way as elected Members of the Accounts, Audit and Risk Committee and will be part of the committee in an advisory and consultative manner fully involved in the discussion on issues coming before the Committee.
- 3.3 In 2022, the Accounts, Audit and Risk Committee meeting, the Committee agreed arrangements for the appointment of an Independent Person to the Committee. The decision to appoint Independent Persons to the Accounts, Audit and Risk Committee rests with Full Council.
- 3.4 In May 2022, Council subsequently agreed to amend to the Terms of Reference of the Committee to include an Independent Person (non-voting) as part of the membership of the Committee. To provide resilience, Council is recommended to agree a further amendment to the Committee's Terms of Reference to include two Independent Persons.
- 3.5 In early 2023, in line with guidance, the Independent Persons positions were publicly advertised, applications reviewed and interviews undertaken by a Panel comprising the Monitoring Officer, Section 151 Officer and Chairman of the Accounts, Audit and Risk Committee Chairman.

3.6 Following consideration of the application forms and interview responses, the interview panel concluded that the following two individuals should be recommended to Council for appointment as an Independent Persons, subject to receipt of satisfactory references by the Monitoring Officer:

- Sarah Thompson
- Harry Lawson

3.7 Sarah Thompson is a Charter MIIA qualified internal auditor with extensive experience of working as a Senior Auditor in the public sector.

3.8 Harry Lawson is CIPFA qualified and has extensive knowledge and experience having worked for many years within the local authority finance sector in a number of senior roles, which included working closely with councillors on Audit Committees

3.9 There is no prescribed time limit on the terms of officer of Independent Persons and these are therefore at the discretion of the Council. It is considered appropriate that the appointments should be for a fixed term to enable a refresh from time to time. As such, it is proposed the role are recommended to be appointed for a four-year fixed term, renewable once.

4.0 Conclusion and Reasons for Recommendations

4.1 Independent Person with appropriate skills and experience supplement those of the elected members and improve the effectiveness of Audit Committees.

4.2 The decision to appoint an Independent Persons to the Accounts, Audit and Risk Committee rests with Full Council. The recommended appointments follow a robust recruitment process involving public advertisement, written application and interview with the Monitoring Officer, Section 151 Officer and Chairman of the Accounts, Audit and Risk Committee

5.0 Consultation

None

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 appoint Independent Persons. This is not recommended as this would contrary to CIPFA guidance.

Option 2: to appoint one Independent Person. This is not recommended as a robust recruitment process has been followed and it is considered both applicants fulfil the criteria and will bring expertise to the Committee and there is resilience in having two Independent Persons.

7.0 Implications

Financial and Resource Implications

7.1 As set out in the Members' Allowance Scheme, each independent person receives an annual allowance of £806 (subject to annual increases as recommended by the Independent Remuneration Panel and agreed by Council) and can claim travel expenses for attending meetings in person. This is provided for in the Members' Allowances budget. The guidance is clear that the payment of an allowance does not negate independence.

7.2 The appointment of independent persons will also allow enhanced scrutiny of the Council's financial position.

Comments checked by:

Michael Furness, Assistant Director of Finance & Section 151 Officer, 01295 221845, Michael.Furness@cherwell-dc.gov.uk

Legal Implications

7.3 The Council's Accounts, Audit and Risk Committee is defined by the Local Government Act 2000 and its purpose is to give assurance to elected members and the public about the governance, financial reporting and performance of the Council. The appointment of independent Persons on the committee will assist and promote good governance and scrutiny of the committee.

Comments checked by:

Shiraz Sheikh, Assistant Director Law and Governance, shiraz.sheikh@cherwell-dc.gov.uk

Risk Implications

7.4 Adequate vetting procedures and adherence to the Person Specification have been followed throughout this recruitment process. The appointment of Independent Persons will augment the Accounts, Audit and Risk Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

Comments checked by:

Shona Ware, Assistant Director – Customer Focus, 01295 221652, shona.ware@cherwell-dc.gov.uk

Equalities and Inclusion Implications

7.5 There are no equalities implications arising directly from this report. The recent recruitment process was fair and open therefore ensures the Independent Persons to be appointed on merit.

Comments checked by:

Shona Ware, Assistant Director – Customer Focus, 01295 221652, shona.ware@cherwell-dc.gov.uk

Sustainability Implications

7.6 There are no sustainability implications arising directly from this report.

Comments checked by:

Jo Miskin, Climate Action Manager, 01295 221748, jo.miskin@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: N/A

Community Impact Threshold Met: N/A

Wards Affected

N/A

Links to Corporate Plan and Policy Framework

N/A

Lead Councillor

Councillor Donna Ford, Chairman Accounts, Audit and Risk Committee

Document Information

Appendix number and title

- None

Background papers

None

Report Author and contact details

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