

# AUDIT AND GOVERNANCE COMMITTEE

THURSDAY, 10 FEBRUARY 2022

## REPORT OF THE AUDIT MANAGER

### AUDIT COMMITTEE EFFECTIVENESS

#### EXEMPT INFORMATION

None.

#### PURPOSE

To undertake the annual self-assessment of Audit & Governance Committee effectiveness and provide an audit in relation to the appointment of independent member/s to the Committee.

#### RECOMMENDATIONS

1. That the Committee considers the attached self-assessment checklist and endorses any actions to improve its effectiveness as appropriate.
2. Consider and ratify the approach to be taken in respect of appointing an Independent Member to the Committee.

#### EXECUTIVE SUMMARY

CIPFA published guidance on the function and operation of Audit Committees in local authorities and police bodies and this represents good practice for audit committees. The guidance was updated in 2018 and incorporates *CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018)* (the Position Statement), which sets out CIPFA's views on the role and functions of an Audit Committee.

The Position Statement emphasises the importance of Audit Committees being in place in all principal local authorities and it also recognises that Audit Committees are a key component of governance. Audit Committees are an important source of assurance about an organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance.

**Appendix 1** provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement. Where an Audit Committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective Audit Committee.

A regular self-assessment should be used to support the planning of the Audit Committee work programme and training plans; and inform the annual report. As part of this year's assessment members were circulated prior to this meeting a 'knowledge and skills' self-assessment (**Appendix 2**) and these should be returned to the Audit Manager so that the results can be fed into the training provision in 2022/2023.

## APPOINTMENT OF INDEPENDENT MEMBER/S TO COMMITTEE

At this Committee's meeting on 23 July 2020 it was agreed to proceed with appointing independent member/s to the Audit & Governance Committee which would be unremunerated but would attract reasonable travel expenses. Due to the former post holder leaving the Council and the ongoing pandemic this process was paused.

A roadmap for the potential appointment of independent member/s is presented to this Committee and is shown below for consideration;

Roadmap	Indicative Timeline
Role profile for independent member to be drawn up and agreed. Committee to agree the recruitment process and number of independent members required (up to 2).	March 2022
Vacancy to be publicly advertised. Candidates to be able to demonstrate their political independence and their suitability has to be checked e.g., candidates must not; <ul style="list-style-type: none"><li>• be a Councillor or officer of the Council or have been so in the preceding five years prior to appointment;</li><li>• be related to, or a close friend of, any Councillor or officer of the Council;</li><li>• have been convicted of any offence. The Council has the right to DBS check any independent committee members;</li><li>• be an undischarged bankrupt;</li><li>• have significant business dealings with the Council;</li><li>• have a formal connection with any political group;</li><li>• have a proven history of vexatious and/or frivolous complaints against the Council;</li><li>• be the holder of a significant office in an organisation being grant aided/supported by the Council.</li></ul>	April/May 2022
Selection process to take place	June 2022
Independent member/s appointed. This should be for a fixed term (usually 3 years) and be formally approved by the Council.  Provision to be made for early termination and extension to avoid lack of clarity in the future.	July 2022
Independent member/s commence.  While operating as a member of the audit committee, the independent member/s would be required to follow the same code of conduct as elected members and a register of interests maintained.	September 2022

## RESOURCE IMPLICATIONS

None.

## LEGAL/RISK IMPLICATIONS BACKGROUND

None.

## **EQUALITIES IMPLICATION**

None.

## **ENVIRONMENT AND SUSTAINABILITY IMPLICATIONS (INCLUDING CLIMATE CHANGE)**

None.

## **BACKGROUND INFORMATION**

None.

## **REPORT AUTHOR**

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## **LIST OF BACKGROUND PAPERS**

### **APPENDICES**

**Appendix 1 Audit Committee Self-Assessment of Compliance with Good Practice**  
**Appendix 2 Knowledge and Skills & Knowledge Self-Assessment**