

AUDIT AND GOVERNANCE COMMITTEE

TUESDAY, 22 MARCH 2022

REPORT OF THE AUDIT MANAGER

APPOINTMENT OF INDEPENDENT MEMBER TO AUDIT & GOVERNANCE COMMITTEE - NEXT STEPS

EXEMPT INFORMATION

None.

PURPOSE

To provide an update to Committee in relation to the potential appointment of an Independent Member(s) to Committee

RECOMMENDATIONS

- 1. Consider and ratify the approach to be taken in respect of appointing an Independent Member to the Committee.**

EXECUTIVE SUMMARY

At this Committee's meeting on 10 February 2022, this item was deferred from the agenda to allow consideration of the next steps.

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 following consideration of the pros and cons of appointing an independent member.

CIPFA's published guidance Audit Committees Practical Guidance for Local Authorities and Police 2018 which sets out CIPFA's views on the role and functions of an Audit Committee, recommends that Audit Committee's give due consideration to the inclusion of at least one independent member (where it is not already a mandatory requirement).

The Audit & Governance Committee's current terms of reference provides for at least 7 members (aligned with the political balance of the Council) and the option to co-opt up to 2 independent members.

In terms of the voting rights of independent members, there needs to be regard to Section 13 of the Local Government and Housing Act 1989 which relates to the voting rights of non-elected committee members. Where the audit committee is operating as an advisory committee under the Local Government Act 1972, making recommendations rather than policy, then all members of the committee should be able to vote on that recommendation. If the council wishes to delegate decisions to the committee, for example the adoption of the financial statements, then the independent member will not be able to vote on those matters for decision.

Pros of Independent Members

Good practice shows that co-option of independent members is beneficial to Audit Committees for the following reasons:

- An external view can often bring a new approach to committee discussions.
- To bring additional knowledge and expertise to the committee where there may be skills gaps.
- To reinforce the political neutrality and independence of the committee.
- To maintain the continuity of committee membership where membership is unaffected by the electoral cycle.

Cons of Independent Members

There are some potential pitfalls to the use of independent members:

- Over-reliance on independent members by other committee members can lead to a lack of engagement across the full committee.
- Lack of organisational knowledge or 'context' among the independent members when considering risk registers or audit reports. Effort is required from both independent members and officers/staff to establish an effective working relationship and establish appropriate protocols for briefings and access to information.

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

| Roadmap | Indicative Timeline |
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| 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). | April 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"> • be a Councillor or officer of the Council or have been so in the preceding five years prior to appointment; • be related to, or a close friend of, any Councillor or officer of the Council; • have been convicted of any offence. The Council has the right to DBS check any independent committee members; • be an undischarged bankrupt; • have significant business dealings with the Council; • have a formal connection with any political group; • have a proven history of vexatious and/or frivolous complaints against the Council; • be the holder of a significant office in an organisation being grant aided/supported by the Council. | May/June 2022 |
| Selection process to take place to include members of Audit & Governance Committee. | July 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. | August 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 | September 2022 |

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| of conduct as elected members and a register of interests maintained. | |
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RESOURCE IMPLICATIONS

None.

LEGAL/RISK IMPLICATIONS BACKGROUND

None.

EQUALITIES IMPLICATION

None.

ENVIRONMENT AND SUSTAINABILITY IMPLICATIONS (INCLUDING CLIMATE CHANGE)

None.

BACKGROUND INFORMATION

Audit & Governance Committee 23 July 2020, Pro & Cons of Independent Members

REPORT AUTHOR

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Ext 234

LIST OF BACKGROUND PAPERS

None

APPENDICES