

Wednesday, 23 August 2023

Report of the Audit Manager

Update on Independent Member and Audit Committee Skills Audit

Exempt Information

None.

Purpose

To provide an update to Committee in relation to the potential appointment of an Independent Member(s) to Committee and provide an update following the recent Skills Audit completed at the beginning of the municipal year.

Recommendations

It is recommended that:

1. Committee consider the proposed training plan following the Skills Audit and provide input into any further areas that they would deem necessary for inclusion in the plan.
2. Consider and ratify the approach to be taken in respect of appointing an Independent Member(s) to the Committee.

Executive Summary

Audit & Governance Committee Skills Audit for 2023/24

Each year the committee is assessed against the effectiveness criteria laid out by CIPFA/SOLACE and included in this is a skills audit to determine the areas of training for the committee during the municipal year. The Committee Effectiveness review was completed and reported to this committee at its meeting on 9th February 2023, this attached as **Appendix 1** of this report.

At the Committee's meeting on 9th February 2023 it was determined that the skills audit, which would normally be undertaken at the time of the effectiveness review, would be deferred until the new municipal year.

A Skills Audit questionnaire was circulated to all members of the committee and from the responses gained it is proposed that the following areas are incorporated into a training plan for 2023/24. The Committee has previously had opportunity to attend a training session on the Role of the Audit Committee which was delivered on 13th June 2023.

The areas for consideration by the committee are;

- Local Authority Finance;
- Treasury Management;
- Role of Internal Audit;
- Role of External Audit;
- Governance; and

- Risk Management

It would be proposed that this training is delivered via officers within the council and also external providers. The Committee's views are requested on the proposed planned training and members are asked to submit any further areas that they wish to be considered and included in the training plan for 2023/24.

It would be anticipated that training would be delivered via Teams and also prior to Audit & Governance Committee meetings. Once the planned work is agreed a timetable will be drawn up for the delivery of the training plan.

Independent Members on Audit & Governance Committee

As outlined in the Audit Committee Effectiveness review in February 2023 it was identified that following CIPFA guidance that the committee should consider the appointment of an independent member.

It was agreed at this committee on 10th August 2022 that a roadmap for the appointment of an Independent Member be approved and that this would be the approach undertaken. A role profile was drawn up and the unremunerated position advertised via WM Jobs with a closing date on 30th September 2022. The Council received one application, which was not deemed suitable for progressing further as the applicant did not meet the criteria for holding the position. The application pack issued and which shows the relevant criteria required is attached as **Appendix 2** of this report.

Following notification and verbal update to this committee it was agreed that further work would be undertaken in respect of appointing an independent member. Following this request the Audit Manager has referred to other Chief Auditors within Staffordshire and within the Midlands Audit Group. These discussions highlighted the difficulty in appointing to the role. At present, within Staffordshire, one authority Staffordshire Moorlands has an independent member for which a small remuneration (£400) is paid. Other authorities have had a similar experience in not being able to recruit to the position within the committee.

CIPFA's Position Statement (**Appendix 3**) outlines that as part of having an independent and effective model of governance, CIPFA makes the following observations;

- The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation; and
- Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least 2 co-opted independent members to provide appropriate technical expertise.

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

In terms of 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. As full Council currently delegates decisions to the committee, for example the adoption of the financial statements, then the independent member will not be able to vote on these matters for decision.

Due to the issues highlighted in the report and the previous unsuccessful attempt to co-opt a member it is proposed to readvertise the role as outlined in the proposed timetable in the table below. Dependent upon the outcome reconsideration of remuneration maybe required.

Roadmap	Indicative Timetable
Role profile agreed	September 2023
Vacancy to be publicly advertised. Candidates to be able to demonstrate their political independence and their suitability 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, that would include a question 'do you have any relationships that could give rise to a conflict of interest'; • Have been convicted of any offence taking into account the Rehabilitation of Offenders Act. The Council has the right to DBS check any independent members; • Be an undischarged bankrupt; • Have significant business dealings with the Council which includes that the independent member must not have any contractual relationship with the council during the previous 3 years, prior to application, or must not be seeking any type of commission with the authority for the term of the appointment; • 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 grant aided/supported by the Council. 	September 2023
Selection process to take place	October 2023
Independent member/s appointed. This should be for a fixed term (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.	December 2023
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.	February 2024

Options Considered

Previously considered and agreed to implement on 23rd July 2020 and 22nd February 2022. Recruitment advertised with closing date of 30th September 2022 with no applicants that met the relevant criteria.

Resource Implications

It is envisaged that the Independent Member role is not remunerated. However this decision may need to be revisited dependent upon the interest shown and the results of any application process.

Legal/Risk Implications Background

None currently.

Equalities Implications

None.

Environment and Sustainability Implications (including climate change)

None.

Background Information

Audit & Governance Committee 23 July 2020, Pros and Cons of Independent Members.
Audit Committee Effectiveness 10th February 2022 and 9th February 2023.

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List of Background Papers

Appendices

Appendix 1 – Audit Committee Effectiveness (9th February 2023)

Appendix 2 – Independent Member Application Pack

Appendix 3 – CIPFA Position Statement