

Wednesday, 26 June 2024

Report of the Audit Manager

Audit Committee Effectiveness - Skills Audit and Independent Member Update

Exempt Information

None.

Purpose

To provide an update to Committee in relation to the Skills Audit and potential proposed training plan for the committee and an update regarding the appointment of an Independent Member to the Committee.

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 2024/25

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 8th February 2024, this is attached for information as **Appendix 1** of this report.

In previous years the skills audit was undertaken in the early part of the calendar year. However, due to the election cycle of the Council and changes to committee membership it was felt prudent by the previous Audit & Governance Committee to undertake the skills audit in the early part of the municipal year.

A Skills Audit questionnaire was circulated to all members of the committee on 30th May 2024 and a further copy is attached as **Appendix 2** of this report. Members are encouraged to return the skills audit questionnaire so that any training needs can be formulated for 2024/25. The Committee has previously had opportunity to attend a training session on the Role of the Audit Committee which was delivered on 4th June 2024.

The areas for consideration by the committee for inclusion in the training plan;

- 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 asked to submit any further areas that they wish to be considered and included in the training plan for 2024/25.

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 Effectiveness review in February 2024 it was identified that following CIPFA guidance that the committee should consider the appointment of an independent member. This is currently identified as best practice by CIPFA.

In late 2022 the council previously advertised this position, however the council only received one application, which was not deemed suitable for progressing further as the applicant did not meet the criteria for holding the position.

At the committee meeting on 8th February 2024, the committee noted the difficulty in recruiting to this position and agreed to defer the matter for a year. The Audit Manager was asked to make representation to CIPFA outlining that the process has not been productive as a small district council and also to consider a 'member' swap from a neighbouring authority. These have been completed, however a 'member' swap would not fit the criteria of the person being politically neutral and 'independent'.

CIPFA's Position Statement, **Appendix 3**, outlines that as part of having an independent member 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 members, CIPFA recommends that each authority audit committee should include at least 2 co-opted independent members to provide technical expertise.

The Audit & Governance Committee's current terms of reference provides the opinion 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 voting rights of non-elected committee members. This means that any decisions that full Council delegates to the committee, for example adoption of the financial statements, the independent member would not be able to vote on these matters for decision.

Committee is therefore asked whether they wish to continue to pursue the recruitment of an independent member to the committee.

Options Considered

Previously considered and agreed to implement and seek an independent member on 23rd July 2020, 22nd February 2022. Recruitment advertised with closing date of 30th September 2022, reconsidered on 9th February 2023 and 8th February 2024 where decision to defer for 12 months taken.

Resource Implications

It was originally envisaged that the Independent Member role was 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, 9th February 2023 and 8th February 2024.

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List of Background Papers

Appendices

Appendix 1 – Audit Committee Effectiveness as at February 2024

Appendix 2 – Skills Audit for 2024/25

Appendix 3 – CIPFA Position Statement

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