

## AUDIT AND GOVERNANCE COMMITTEE

<b>DATE</b>	20 <sup>th</sup> April 2023
<b>REPORT OF SUBJECT</b>	Independent Chair of the Audit Committee Appointment of second independent member to the Committee.
<b>STATUS</b>	OPEN

### CONTRIBUTION TO OUR AIMS

An effective Audit and Governance Committee contributes to the achievement of strategic objectives by seeking and receiving assurance on the systems of risk management, governance and internal control which underpin the delivery of these objectives.

Best practice guidance issued recently indicates that local government audit committees should have two independent members. This report sets out details and implications of the guidance.

### RECOMMENDATIONS

That the Audit and Governance Committee recommends to Full Council that membership of the Committee should be increased to include a second independent member.

### REASONS FOR DECISION.

The introduction of a suitably skilled and experienced second independent member would strengthen the Committee and ensure that the Committee complies with best practice.

### 1. BACKGROUND AND ISSUES

Since 2010 the Audit and Governance Committee has had an independent chair, a position I have since filled .

In May 2022 CIPFA issued its updated "Audit Committee Position Statement" .This recommended that:

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

The Department for Levelling Up, Housing and Communities (DLUHC) supports this guidance.

The arguments put forward by CIPFA in having a second independent member are that it allows recruitment of Members with different but complementary knowledge and experience, and increases the resilience and continuity of the committee. In addition the Council needs to actively engage in succession planning for the position of Committee Chair and as such it would be an opportune time to appoint a second independent Member.

## **2. RISKS AND OPPORTUNITIES**

The Audit Committee has a leading role to play in ensuring that the Council's governance and internal control arrangements are effective and contribute to the mitigation of risks. As the complexity of Council operations, and especially of the financial accounts, increases, it is important that the Committee is resourced to play its part in mitigation of risks that may arise from areas that it oversee.

## **3. OTHER OPTIONS CONSIDERED**

The Committee could decide not to recommend an increase in its membership. This would not be considered to be good practice in the light of professional and government guidance.

## **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

There are no specific reputational issues related to this report. However, having a second independent member of the Committee would enhance the Council's reputation by complying with best practice.

## **5. FINANCIAL, LEGAL and HR IMPLICATIONS**

There are no specific legal or HR implications arising as a direct result of this report. There would, however, be a financial cost from appointing a second independent Committee member which would need to be considered by Council and the Independent Remuneration Panel.

## **6. WARD IMPLICATIONS**

The work of the Audit and Governance Committee is applicable to all wards

## **7. BACKGROUND PAPERS**

None, but Group Leaders have been consulted on the proposal.

## **8. CONTACT OFFICER**

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