

### COUNCIL

<b>DATE</b>	28 <sup>th</sup> September 2023
<b>REPORT OF</b>	The Monitoring Officer
<b>SUBJECT</b>	Appointment of second independent member to the Audit and Governance 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.

### EXECUTIVE SUMMARY

At its meeting on 20<sup>th</sup> April 2023, the Audit and Governance Committee recommended to Council that the committee's membership be increased to include a second independent member. This was based on best practice guidance that local government audit committees should have two independent members. This report seeks ratification of that recommendation and details the recruitment process to be undertaken. This report sets out details and implications of the guidance.

### RECOMMENDATIONS

1. That the membership of the Audit and Governance Committee be increased to include a second independent member.
2. That the Independent Remuneration Panel be invited to advise the Council on an appropriate rate of remuneration for this role.
3. That a recruitment panel be established with membership as set out in paragraph 1.7 of this report to undertake the recruitment process.
4. That a further report be submitted to Council at the conclusion of the recruitment process to confirm the appointment of the successful candidate and to confirm the level of remuneration for this role.

### 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

1.1 Since 2010, the Audit and Governance Committee has had an independent chair.

1.2 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.

1.3 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.

1.4 The independent member would be a non-councillor with some experience in audit. The independent member would not have a vote in the same way as councillors do at committee and will be there in an advisory consultative manner.

1.5 The remuneration for this position would be a matter for consideration by the Council's Independent Remuneration Panel. It is proposed that its recommendations be considered by Council when confirming the appointment.

1.6 A draft person specification for the role is attached as Appendix A. Subject to the committee agreeing the role description and person specification, the position would be advertised by the council's Communications Team to ensure the reach was as far and wide as possible.

1.7 Following the application process, a selection panel will convene to interview and select a successful candidate. It is proposed that the selection panel consist of the independent committee Chairman, the Deputy Chair, a Conservative Group member of the committee, a Labour Group member of the committee and the Independent Group member of the committee, with the support of the Assistant Director Law and Governance and the Head of Audit and Assurance.

1.8 If appointed, the second independent member would be invited to serve for a term of office of four years, co-terminus with elected members term of office

## **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 CONSIDERATIONS**

As outlined above, there may be a financial cost from appointing a second independent Committee member which would need to be considered by Council and the Independent Remuneration Panel. It is anticipated that this would need to be managed within the existing Members Allowances budget.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

There are no direct implications for children and young people arising from the proposal in this report.

## **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

There are no direct climate change and environmental implications arising from the proposal in this report.

## **8. FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the proposal in this report.

## **9. LEGAL IMPLICATIONS**

There are no direct legal implications arising from the proposal in this report.

## **10. HUMAN RESOURCES IMPLICATIONS**

There are no direct human resources implications arising from the proposal in this report.

## **11. WARD IMPLICATIONS**

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

## **12. BACKGROUND PAPERS**

None.

## **13. CONTACT OFFICER**

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**SIMON JONES**  
**MONITORING OFFICER**  
**AND ASSISTANT DIRECTOR LAW AND GOVERNANCE**

## **Appendix A**

### **Role Description for Independent Member of the Audit and Governance Committee**

1. To engage fully in collective consideration of the issues before the Audit and Governance Committee, taking into account a full range of relevant factors, including legislation and supporting regulation (e.g. the Accounts & Audit Regulations 2011), professional guidance (e.g. that issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)), and the advice of the Council's Section 151 Officer.
2. To participate fully in the discharge of all Audit and Governance Committee functions, as set out in the Audit and Governance Committee's terms of reference and the constitution.
3. To promote the concept of proportionate, effective risk management and internal control throughout the organisation; and to champion the work of Internal Audit, External Audit and Risk Management.
4. To participate in periodic review of the overall effectiveness of the Audit and Governance Committee, and of its terms of reference.
5. To ensure that the minutes of Audit and Governance Committee meetings accurately record decisions taken.

### **Skills and Competencies**

Indicators:

1. Demonstrates up to date knowledge, skill and a depth of experience in the fields of corporate governance, audit, accounting, risk management and performance management.
2. Operates consistently and without bias.
3. Is an effective role model; supports appropriate behaviours and challenges opinions and advice where appropriate, separating major issues from minor ones.
4. Contributes proactive, proportionate and independent thought.
5. Works sensitively with people inside and outside committee.
6. Listens to and balances advice.

### Person Specification

Experience	<p>Knowledge / experience in matters of an audit nature.</p> <p>Knowledge / experience of risk management, performance management and financial governance.</p> <p>Working to high behavioural standards, demonstrating honesty, probity and the highest level of integrity in conduct.</p> <p>Experience gained working in a large private, or public sector, organisation.</p> <p>Serving on a committee.</p>	<p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Desirable</p> <p>Desirable</p>
Skills	<p>Ability to weigh / sort complex evidence and reach rational conclusions, incorporating appropriate advice.</p> <p>Ability to be objective, independent and impartial.</p> <p>Ability to work in a group.</p> <p>Ability to make reasoned decisions.</p> <p>Strong strategic awareness and ability to identify emerging external factors that may impact on strategy, implementation of plans, or reputation with key stakeholders.</p> <p>A good communicator with excellent interpersonal skills, able to both empower and challenge supportively.</p>	<p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p>
Knowledge	<p>Knowledge of corporate governance frameworks.</p> <p>Knowledge of the locality of North East Lincolnshire, and knowledge of its communities.</p> <p>Knowledge of the Council's strategic priorities and objectives, as set out in the Council Plan.</p>	<p>Essential</p> <p>Desirable</p> <p>Desirable</p>

	Understanding of the complexity of issues surrounding audit and risk management in local government.	Desirable
	Understanding of committee procedures.	Desirable
Other	Live or work in North East Lincolnshire or its surrounding areas.	Essential
	Must not be a serving local government officer or councillor.	Essential
	Must have no personal, legal or contractual relationship with North East Lincolnshire Council (including employees or members or former staff), or any other relationship / activity which might represent a conflict of interest.	Essential
	Able and willing to devote the necessary time to the role.	Essential