



COMMITTEE: ORDINARY COUNCIL

DATE: 13 December 2023

REPORT TITLE:	Appointment of an Independent Person for the Audit function of the Audit & Scrutiny Committee
REPORT OF:	Tim Willis, Interim Resources Director

REPORT SUMMARY

Audit & Scrutiny Committee on 26 September 2023 approved the recommendation to Council for an Independent Person (IP) to be appointed to the Council's Audit & Scrutiny Committee (for audit business).

RECOMMENDATIONS

R1. That an Independent Person is appointed for the Council's audit functions, which form part of the business of Audit & Scrutiny Committee.

R2. The recruitment of the Independent Person is delegated to the Interim Director of Resources in consultation with the Chair of Audit & Scrutiny Committee.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

1.1 The Government response in June 2022 to the Local Audit Framework: Technical Consultation set out plans to strengthen local audit framework in light of the Redmond Review. It confirmed that when parliamentary time allows, audit committees will be made compulsory for all local councils, with at least one independent member required on each committee. This follows the CIPFA detailed guidance on the function and operation of audit Committees in Local Authorities which endorsed the approach of mandatory inclusion of a lay or independent member and recommended that, for authorities for whom it is not a requirement at present, they actively explore the appointment of an independent member to the Committee. Ahead of any legislative requirement being implemented, it is recommended that the Council therefore takes steps

to introduce an Independent Person onto the Audit & Scrutiny Committee so that an appropriate person can be recruited as soon as is practicable.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council could choose not to appoint an IP. However, it is good practice to do so, and it is possible that it will be a requirement of audit committees in future.

3.0 BACKGROUND INFORMATION

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced detailed guidance on the function and operation of audit committees in Local Authorities. This represents best practice for audit committees in Local Authorities throughout the UK and incorporates CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018). The Position Statement emphasises the importance of audit committees being in place in all principal local authorities and highlights that audit committees are a key component of an authority's governance framework.
- 3.2 Guidance stipulates that the purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes, but that the way in which an audit committee is organised varies depending on the specific political and management arrangements in place.
- 3.3 It is important that Members of the Committee have a mix of skills and experience in relation to financial matters, assurance and governance; in this respect it is recommended that particular consideration is given to introducing an IP, with a specific finance/audit or governance background to bring support to the independent challenge of the Council's arrangements.
- 3.4 The introduction of independent members can be beneficial to the audit committee in many ways, including:
- Ensuring a mix of skills and experience in relation to financial matters, assurance and governance.
 - Bringing additional knowledge and experience to the Committee.
 - An injection of an external view can often bring a new approach to committee discussions.
 - Reinforcing the political neutrality and independence of the Committee.
 - Maintain continuity of committee membership where membership is affected by the electoral cycle.
- 3.5 The Council's Audit (& Scrutiny) Committee has delegated authority to make decisions by the Council, upon which the independent member would not

have voting rights. The Committee does have an advisory role as well, upon which the independent member could vote. It is however, recommended that the IP be appointed without any voting rights initially, in order to avoid any confusion. The position shall be subject to review in due course to ensure that the arrangements are appropriate and effective.

- 3.6 Brentwood operates an Audit & Scrutiny Committee, which whilst not unique, is unusual. The combination of two discrete functions in one committee has been relatively invisible and seamless to date, but going forward, it will be necessary for the IP to be present only for business that relates to the committee's "audit" function. This would mean, for example, two parts to each agenda, whereby the IP sat on the Committee and played an active part for the "audit" component, but not the "scrutiny" component – although the IP could theoretically choose to be present for non-exempt scrutiny business as a member of the public.
- 3.7 A role description is attached, which sets out the responsibilities of the IP, together with the relevant knowledge and experience required. If approved, the vacancy will be publicly advertised and candidates will be required to demonstrate their political independence and suitability for the role. This would be assessed as part of a formal recruitment process. The Council may only appoint someone who makes a formal application. It is recommended that Council delegates the recruitment of the IP to the Interim Director of Resources, in consultation with the Chair of Audit & Scrutiny Committee. The appointment would be for a term of two years, with the option to be extended for a further two years, in line with recommendations from the Committee on Standards in Public Life. While operating as a member of the Committee, the IP would be required to follow the same Code of Conduct as elected Members, with the requirement to complete the Register of Interests. The Local Authority (Members' Allowances) (England) Regulations 2003 provide for the Council to pay an allowance to co-optees. It is proposed that the role attracts an allowance of £1,250 per annum which is commensurate with other similar local authorities.

4.0 FINANCIAL IMPLICATIONS

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- 4.1 A member allowance of £1,250 p.a. would be incurred if agreed.

5.0 LEGAL IMPLICATIONS

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5.1 The statutory requirements on the Council are set out in the body of the report and the recommendations sets out the necessary steps to ensure compliance.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 None.

7.0 RELEVANT RISKS

7.1 There is a risk that if the Council does not act now to implement recommended best practice it will have to act quickly once the legislation is enacted. There is a risk that without an IP the Audit & Scrutiny Committee will not have the right mix of skills and experience in relation to financial/audit matters, assurance and governance to fulfil its duties to the highest possible standard.

8.0 ENGAGEMENT/CONSULTATION

8.1 None.

9.0 EQUALITY IMPLICATIONS

9.1 None.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 None.

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