

Agenda

Audit Committee

Date: **Tuesday 23 July 2024**

Time: **6.00 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Audit Committee

Membership

Chair Councillor Kyle Robinson-Payne

Vice-Chair Councillor Sandra Barnes

Councillor Jim Creamer
Councillor Helen Greensmith
Councillor Paul Hughes
Councillor Alison Hunt
Councillor Catherine Pope
Councillor Ruth Strong

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Responsibility of Audit Committee:

Statement of purpose

- a) The Audit Committee is a key component of Gedling Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- b) The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Gedling Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

- c) To review the Council's corporate governance arrangements including the Local Code of Corporate Governance.
- d) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal

audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

e) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

f) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

g) To consider and monitor the effective development and operation of risk management in the council.

h) To monitor progress in addressing risk-related issues reported to the committee.

i) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

j) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

k) To consider and monitor the counter-fraud strategy, actions and resources.

Internal audit

l) To approve the internal audit charter defining the role and scope of internal audit.

m) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

n) To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

o) To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

p) To consider the Head of Internal Audit's annual report confirming compliance with auditing standards and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control - these will assist the committee in reviewing the Annual Governance Statement.

q) To consider summaries of specific internal audit reports as requested.

r) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

s) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

t) To support effective communication with the Head of Internal Audit.

External audit

u) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

v) To consider specific reports as agreed with the external auditor.

w) To comment on the scope and depth of external audit work and to ensure it gives value for money.

x) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

y) To consider and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

z) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

aa) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

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Report to Audit Committee

Subject: Appointment of co-opted Audit Committee Members

Date: 23 July 2024

Author: Deputy Chief Executive

Purpose

To seek approval to recommend to Council that Jonathan Causton be co-opted as an independent member on to Audit Committee.

Recommendation

That Members:

- 1) Recommend to Council that Jonathan Causton be co-opted into the Audit Committee
- 2) Recommend to council that the Monitoring Officer be authorised to make the relevant changes to the Constitution to reflect the co-option.

1 Background

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) position statement on audit committees in local authorities and police bodies in England and Wales issued in 2022 sets out the purpose, model, core function and membership of an audit committee. The statement took into account recommendations from the Independent review into the Oversight of Local Audit and Transparency of Local Authority Financial Reporting by Sir Tony Redmonds in 2020 ("the Redmond Review").
- 1.2 In particular the Redmond Review, recommended that Local Authorities appoint at least one independent member to Audit Committee to ensure they have the necessary expertise to carry out their role effectively. As a result of this recommendation, CIPFA were asked to strengthen their guidance in this regard.
- 1.3 The CIPFA position statement builds on the Redmond Review recommendation and states that "CIPFA recommends that each authority

audit committee should include at least two co-opted independent members.” This guidance is considered best practice and a number of authorities have already co-opted one or two independent members to Audit Committee. The Independent Members should have the appropriate knowledge and experience to fulfil the role and support the Committee, including sound financial and accounting knowledge. CIPFA have provided some guidance on the person specification required for the role.

1.4 In March 2024, Committee agreed to commence a recruitment exercise to co-opt 2 independent members onto Audit Committee, subject to final appointment by Council. Following an extended application period, only one application was submitted for the role.

1.5 An interview panel made from Committee members met on 18th July 2024 and interviewed the applicant Jonathan Causton. Jonathan has a wealth of experience in local government finance and following interview the panel agreed to recommend him for co-option.

2 Proposal

2.1 It is proposed that the Audit Committee, in line with CIPFA guidance recommends to Council that Jonathan Causton be co-opted as independent member onto the Audit Committee. Whilst CIPFA recommend two independent members, at this time only one application was received.

2.2 It is also proposed that authority be given to the Monitoring officer by council to amend the Constitution to reflect the new make up of Audit Committee.

3 Alternative Options

3.1 The Committee could determine not to co-opt members to the Committee, however this would be contrary to CIPFA recommendation. It should be noted that the recruitment of independent members on to the audit committee was an action in the Council’s Corporate Code of Governance, approved by audit in 2023/24, due to capacity however the recruitment was not undertaken.

4 Financial Implications

4.1 On appointment, the co-opted member will be entitled to receive the co-opted members’ allowance agreed as part of the Members’ Allowances Scheme.

5 Legal Implications

5.1 Audit Committee do not have authority to appoint independent members to the Committee so any recommendations must be considered by Council. Whilst it is not a statutory requirement to appoint co-opted members, it is considered best practice by CIPFA for the effective performance of Audit Committees and the Committee should have regard to this. As with co-opted members on Standards Committee, the role will not carry voting rights and will be advisory and provide a level of external and independent scrutiny.

6 Equalities Implications

6.1 There are no equalities implications arising from this report. The recruitment process for the co-opted roles was inclusive and accessible.

7 Carbon Reduction/Environmental Sustainability Implications

7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

8 Appendices

8.1 None

9 Background papers

9.1 None

Statutory Officer approval

Approved by the Chief Financial Officer

Date:

Drafted by the Monitoring Officer

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