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Democratic Services

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Date: 24 July 2024

Dear Councillor

COUNCIL - FRIDAY 26 JULY 2024

I am now able to enclose the following reports for the agenda of the Council due to take place on Friday 26 July 2024

Agenda No	Item
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- | | |
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| e) | <u>Appointment of a co-opted member of the Audit Committee</u> (Pages 3 - 5)
Report of the Monitoring Officer |
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Yours sincerely

Democratic Services
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Report to Council

Subject: Appointment of co-opted Audit Committee Members

Date: 26 July 2024

Author: Deputy Chief Executive

Purpose

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

Recommendation

That Members:

- 1) Agree that Jonathan Causton be co-opted onto the Audit Committee as an Independent Member
- 2) Authorise the Monitoring Officer 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, the Audit 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, the applicant was interviewed and on 23rd July 2024, Audit Committee agreed to recommend to Council that Jonathan Causton be co-opted onto the Committee.

2 Proposal

- 2.1 It is proposed that the Council, in line with Audit Committee recommendations and CIPFA guidance agree 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. Further recruitment to co-opt a second independent member could be undertaken later in the year once the new co-opted role becomes embedded. Committee membership is considered annually by full Council and this role will be reviewed as part of that exercise.
- 2.2 It is also proposed that authority be given to the Monitoring officer to amend the Constitution to reflect the new make up of Audit Committee which includes membership of one independent co-opted Member.

3 Alternative Options

- 3.1 The Council 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 Council 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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