

## **Report to Audit Committee**

**Subject:** Recruitment of co-opted Audit Committee Members

**Date:** 19 March 2024

**Author:** Interim Corporate Director

### **Purpose**

To seek approval to commence recruitment for two co-opted members on to Audit Committee.

### **Recommendation**

#### **That Members:**

- 1) Authorise the Interim Corporate Director to commence the recruitment process for two independent co-opted members to join the Audit Committee
- 2) Establish an interview panel of 3 members drawn from the membership of the Audit Committee; and
- 3) Agree that the panel, shall bring a recommendation as to appointment to Council

## **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 The ultimate appointment of the co-opted members, and the effective change in the Audit Committee make -up would require approval from Council.

## **2 Proposal**

- 2.1 It is proposed that the Audit Committee, in line with CIPFA guidance agrees to the commencement of recruitment exercise to co-opt two independent members onto Audit Committee. Application packs will be prepared in line with CIPFA guidance and the roles advertised through the Council’s usual recruitment processes.
- 2.2 Applicants will be shortlisted by the Interim Corporate Director and Head of Finance and ICT in consultation with the Chair of Audit Committee and it is proposed that Committee establish an interview panel, of at least 3 members from the Committee to undertake the interview process and recommend suitable candidates for appointment to Council.

## **3 Alternative Options**

- 3.1 The Committee could determine not to recruit two co-opted 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 members 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.

## **6 Equalities Implications**

- 6.1 There are no equalities implications arising from this report. The recruitment process for the co-opted roles will be 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**