

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 on to 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