



OFFICER REPORT TO COUNCIL

APPOINTMENT OF INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE

KEY ISSUE/DECISION:

For Council to agree in principle the appointment of an Independent Member to the Audit and Governance Committee, for recruitment and final approval by Council at its meeting on 14 December 2021.

BACKGROUND:

Many local authorities include Independent Members on their audit committees (or similar) as this is seen as strengthening the internal control and governance of the authority. Independent Members with appropriate skills and experience can supplement those of elected Members and improve the effectiveness of such committees.

Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) encourages local authorities to include independent members on their audit committees which is seen to bring positive benefits and be a mark of good practice.

Independent Persons are non-councillors who are suitably qualified with experience in the area of audit/governance and bring specialist knowledge and insight to the workings and deliberations of the committee to inter alia provide:

- An effective independent assurance of the adequacy of the risk management framework.
- Independent review of the Council's financial and non-financial performance.
- Independent challenge to, and assurance over, the Council's internal control framework and wider governance processes.

The Independent Member would not have a vote in the same way as members of the committee and will be part of the committee in an advisory and consultative manner.

It is recommended that recruitment is carried out by a panel of three members including the Chair of the Audit and Governance Committee further to public

advertisement and interviews supported by the Director of Law and Governance.

A draft role description, skills, competencies and person specification is attached as Appendix A for information.

It is proposed that any appointment should be for a period of four years, and that the Independent Member should serve for a maximum of two terms.

It is proposed that following the recruitment exercise, a report be presented to the Audit and Governance Committee at its November meeting to make recommendations to Council at the 14 December 2021 meeting, to agree the necessary changes to the Audit and Governance Committee's membership, and formally appoint the Independent member.

RECOMMENDATIONS:

That:

1. Council agrees to the principle of appointing an Independent Member to the Audit and Governance Committee for a period of four years.
2. The recruitment of the Independent Member be led by a panel consisting of the Chairman of the Audit and Governance Committee and two opposition group members (appointed by Group Leaders), supported by the Director of Law and Governance.
3. Following the recruitment process, a report to formally appoint the Independent Member be presented to a future Council meeting.
4. Council agrees to delegate to the Director of Law and Governance, in consultation with the Chair of the Audit and Governance Committee, authority to finalise the role description, skills, competencies and person specification attached as Appendix A.

FINANCIAL IMPLICATIONS:

Any costs associated with the recruitment, selection, appointment and subsequent disbursements to any Independent Member will be contained from within existing revenue service budgets.

LEGAL IMPLICATIONS:

A council's audit committee is established further to the Local Government Acts 1972 and 2000 and its purpose is to give assurance to elected Members and the public about the governance, financial reporting and performance of the Council. The appointment of a non-voting Independent Member on the

committee will assist and promote good governance and scrutiny of the committee.

RISK IMPLICATIONS:

Subject to adequate vetting procedures and adherence to the Person Specification, this initiative should augment the Audit and Governance Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

Contact Officer:

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Sources/background papers:

Arrangements at other local authorities

CIPFA Guidance

Independent Person of the Audit and Governance Committee

Role Description

1. To engage fully in collective consideration of the issues considered by the Audit and Governance Committee, taking into account a full range of relevant factors, including legislation and supporting regulations, professional guidance (e.g. that issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)), and the advice of the Council's Section 151 Officer.
2. To participate fully in the discharge of all the committee's functions, as set out in the committee's terms of reference and the Constitution.
3. To promote the concept of proportionate, effective risk management and internal control throughout the organisation; and to champion the work of Internal Audit, External Audit and Risk Management.
4. To participate in periodic review of the overall effectiveness of the committee, and of its terms of reference.
5. To ensure that the minutes of Audit Committee meetings accurately record decisions taken.

Skills, Competencies, Person Specification

1. Demonstrates up to date knowledge, skills, and a depth of experience in the fields of audit, accounting, risk management and performance management. Experience gained working in a large, or public sector, organisation.
2. Knowledge of the Council's strategic priorities and objectives. Understanding of the complexity of issues surrounding audit and risk management in local government.
3. Works to high behavioural standards, demonstrating honesty, probity, and the highest level of integrity in conduct.
4. Operates consistently and without bias.
5. Is an effective role model; supports appropriate behaviours and challenges opinions and advice where appropriate, separating major issues from minor ones.
6. Contributes proactive, proportionate and independent thought, and also collaboration with officers to assist committee members.
7. Works sensitively with people inside and outside committee.
8. Listens to and balances advice.
9. Must not be a serving local government officer or councillor.
10. Must have no personal, legal or contractual relationship with Surrey County Council (including employees or Members or former staff), or any other relationship / activity which might represent a conflict of interest.
11. Able and willing to devote the necessary time to the role.