

AUDIT AND GOVERNANCE COMMITTEE

30 November 2022

Minute Extract

46/22 Appointment of Independent Persons to the Audit and Governance Committee

Philip Sunderland left the room.

The Committee received a report on the Appointment of Independent Persons to the Audit and Governance Committee. This report was presented by the Head of Democracy and Head of Internal Audit.

It was noted that having independent members on Local Authority Audit Committees had proven to add value and enhance the reputation of the Committee from a good governance and independence perspective for those Councils who had adopted this approach. It was noted that this practice was also encouraged by the Chartered Institute of Public Finance and Accountancy (CIPFA) as the main accountancy body for local government.

It was reported that at its meeting on 15th June 2022, the Committee considered a report of the Strategic Director of Corporate Resources which sought the agreement of the Committee to ask Council to approve the appointment of two independent members to the Audit and Governance Committee for a four-year term. The Committee discussed the possibility of broadening the pool of independent members by advertising for people who may be interested and staggering the terms of office to ensure continuity. It was reported that it was resolved to delegate authority to the Chair to investigate the potential for advertising for independent members to ensure that they were represented on the Committee and to bring a report back to a future meeting of the Committee.

It was reported that demand for independent Audit Committee members was set to increase in the coming months. The Redmond Review in 2020 recommended that “consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee”. CIPFA had been advocating the inclusion of co-opted members on Audit Committees for several years.

It was noted that the Chair had an initial meeting with the Head of Democracy and the Head of Internal Audit on 14th July 2022 to discuss the options open to the Council for the future provision of independent members for this Committee. It was agreed that any decisions would take account of the latest guidance to be provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its publication on Audit Committees due to be published in October 2022. The Chair also wanted to assess whether the level of remuneration currently paid by the Council to the co-opted members was in-line with what other local authorities were paying.

The Committee noted that there were two co-opted/independent members, Philip Sunderland and Stuart Green, since May 2018. It was reported that the co-option of independent members had brought additional knowledge and expertise to the Committee and also reinforced its political neutrality and independence.

It was noted that it was being proposed that the annual allowance paid to Independent Members of the Audit and Governance Committee was increased from the current rate of £500 per annum and pro-rated to 10 per cent of the Basic Allowance paid to councillors. Based on the current Basic Allowance of £11,523 per year, this would amount to £1,152.30 per annum.

It was reported that before setting a scheme of allowances, Council must have regard to the recommendations of its Independent Remuneration Panel (IRP). The Chair of the IRP, Mr Narinder Sharma, had been consulted on the proposals to alter the allowance payable to Independent Members and was in support of the recommendations.

A councillor asked whether the two appointments could be staggered to ensure consistency. It was agreed that this would be added as a recommendation.

A councillor asked whether an expectation of attendance clause could be included in the contract of Independent Members. The Head of Democracy agreed to include this in the application process.

Resolved:

- 1. to seek applications for two Independent Members of the Audit and Governance Committee to four-year terms of office.**
- 2. to recommend to Council an increase in the allowance payable to Independent Members of the Audit and Governance and Standards Committees to 10 per cent of the Basic Allowance payable to councillors.**
- 3. to recommend that the two Independent Members' appointments are staggered.**

Philip Sunderland returned to the room.

MINUTES END