

AUDIT COMMITTEE INDEPENDENT MEMBERS - UPDATE

Audit Committee - 25 January 2022

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Consideration

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit Committee:

- (a) Members give consideration to appointing independent member/s to the Audit Committee.
- (b) If Members choose to do so, recommend to Council the appointment of up to two additional co-opted non-voting members, or
- (c) If Members choose not to do so, recommend how frequently the Audit Committee should consider independent members.

Introduction and Background

- 1 Within the Constitution of Sevenoaks District Council (Part 6 - Audit Committee, section 2.3) is the following:
- 2 *'The Audit Committee shall be entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. Any co-opted members must have the necessary technical knowledge and skills to be of value to the business of the Committee.'*
- 3 The Audit Committee has never previously requested to take up this option but should give it consideration on a periodic basis.
- 4 A report on Audit Committee Independent Members was presented to the Audit Committee on 15 July 2021. The minutes are as follows:

The Chief Officer Finance & Trading presented the report which detailed that within the Terms of Reference, the Committee is entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. The Redmond Review which was completed last year included a recommendation that consideration was given to the appointment of independent members to the Audit Committee and CIPFA also endorsed this approach.

Members discussed the value that an independent member could bring to the Committee, and whether other Councils had Independent Members. It

was noted that an appointment from 2023 would be for a 4-year period. Some Members expressed concern for the length of the appointment and whether this could be reduced. Members discussed the need for more information before making a final decision and that consideration could be given for making a 1-year appointment in 2022 (to 2023) before the next election cycle.

Resolved: That Officers and the Chairman of Audit Committee continue to investigate the value of an Independent Member and a report be brought back to the meeting in January 2022.

Further Investigation

- 5 Following the Audit Committee on 15 July 2021 it was arranged for Cllr McGarvey (Chairman of the Audit Committee) to attend Audit Committees, or their equivalent, at other councils who currently have independent members.
- 6 Cllr McGarvey's thoughts are based on assessing the value-for-money and input of the independent members.
- 7 The independent members had a range of backgrounds including in IT in banking and a retired engineer who had previously worked in finance in central government. The contributions made varied greatly including one who said absolutely nothing (it is not known what his contribution(s) might have been prior to the meeting) and one who was the most involving/involved of all members present. Their Committee was all the richer for his presence
- 8 Our Audit Committee could be enriched by appointment of an independent member if a recruit of high calibre could be found - with understanding of how local government functions and with expertise/experience in the fields that Audit covers; and displaying the confidence, interest & ability to add value. Finding the right candidate is key in deciding whether or not to do it.

Process for the Appointment of Independent Member/s

- 9 If Members of the Audit Committee wish to request an independent member or members join the Committee, they are required to make a recommendation to Council.
- 10 If Council are supportive, the Deputy Chief Executive and Chief Officer - Finance and Trading be authorised to advertise for co-opted non-voting member/s of the Audit Committee.
- 11 Also, the Deputy Chief Executive and Chief Officer - Finance and Trading in consultation with the Chairman of the Audit Committee be authorised to form a panel to interview candidates, such interview to be designed to test that candidates have the necessary technical knowledge and skills to be of value to the business of the Committee. Any appointment would run until May 2023.

Dartford Borough Council

- 12 Dartford Borough Council are also currently considering whether to appoint independent members to their Audit Board.
- 13 Audit Committee Members may wish to discuss the benefits of a joint recruitment approach with Dartford BC and sharing independent members.

Key Implications

Financial

There is currently no specific budget for Independent Audit Committee Member Allowances and any additional allowance would be required to be approved by Council.

The allowances paid by other Kent councils are included in the table in the report. For information the allowances paid to the independent persons in the Standards Committee are currently £493 per annum.

Legal Implications and Risk Assessment Statement

The legal implications are as set out in the report. Please note that Part 6 of the Constitution (as set out above) permits the Audit Committee to recommend the appointment of up to two additional co-opted non-voting members. Any such recommendation will be referred to the next meeting of Full Council for a final decision.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

None

Background Papers

Audit Committee Independent Members report - Audit Committee 15 July 2021

Redmond Review: [Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#)

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading