

REPORT TITLE: INDEPENDENT MEMBER OF THE COMMITTEE

Meeting:	Corporate Governance & Audit Committee
Date:	26th July 2024
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – Information report
Purpose of Report To consider whether the Committee should seek approval from Council to appoint a second independent member	
Recommendations <ul style="list-style-type: none"> That the committee determine if they wish to request council for permission to appoint a second independent member Reasons for Recommendations <ul style="list-style-type: none"> An independent member provides an opportunity for the Committee to benefit from additional financial skills and relevant audit and governance experience from outside the Council, and continuity of membership. A second independent member would bring greater resilience to this arrangement and enable the committee to benefit from a wider skill and experience base. 	
Resource Implications: <ul style="list-style-type: none"> Minor additional cost as this post is paid a nominal allowance (typical of other local authorities) 	
Date signed off by <u>Strategic Director</u> & name. Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Not applicable

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public

Has GDPR been considered? yes

1. Executive Summary

The Committee currently has one independent member who was appointed in March 2023. There is a good practice recommendation that local authority audit committees should have two independent members, and the matter has been raised by the external auditor. In previous informal discussion by the Committee, they have indicated a desire to consider this matter. The Committee will need to seek permission from Council to amend the terms of reference to approve an additional independent member.

2. Information required to take a decision

- 2.1 In summer 2022, the government indicated an intention to create a statutory obligation for local authorities to have an Audit Committee, including an independent member, although initially this would be on a voluntary basis. This matter has never been progressed formally. However, in discussion on this, the Committee considered that there would be merit to adopting the proposal and agreed to seek an independent member.
- 2.2 Following approval by Council, the committee progressed a competitive recruitment process, and an independent member was appointed in March 2023.
- 2.3 Independent members can bring experience of wider governance and control, from organisation in different sectors. The involvement of the current independent member has strengthened the committees skills particularly with regard to financial knowledge and financial governance. A second independent member would facilitate a further broadening of that skill and knowledge base.
- 2.4 The term of engagement was for 3 years, (nominally 3 x annual appointment, but terminable by either party at any time) with the intention that recruitment takes place for replacement at that stage.
- 2.5 The CGAC independent member is, like independent members on Council Scrutiny committees, a co-optee, without formal voting rights.
- 2.6 The role carries a nominal payment, similar to that offered by local authorities (although less than other public bodies, or the private sector), but recognises that the participant is being asked to add "professional skill and knowledge."
- 2.7 Recruitment was through the same council processes as is used to recruit independent members to other council committee and forums. (the current role profile is attached)
- 2.8 Taking on board the recommendation of the external auditor, and CIPFA the Committee has previously indicated a desire to consider the appointment of a second independent member.
- 2.9 Matters worth considering as a part of this are:
 - a) A second independent member would enable a continuity when there is a change in the other independent member and or normal councillor nominees
 - b) It is important that any independent member complements and adds to the skills of the committee. Where there are two independent members, they ideally should have different skill sets- to avoid any kind of group think or repetition
- 2.10 As a part of this reconsideration the Committee may also want to consider if they might want the tenure of the independent members to be extended somewhat. It is important that this is not perpetual, as the nature of independence is that they are not inculcated into the practices and rituals of the organisation, but an extension to say a 4-year maximum term may be appropriate.
- 2.11 If the Committee is minded seeking authority, they will then need to agree the role description and establish the methodology for recruitment.

- 3. Implications for the Council**
Having an effective Corporate Governance & Audit Committee is a part of demonstrating sound overall control arrangements in the Council. Having independent co-optees supplements the skills and experiences already brought by elected members.
- 3.1 Working with People**
No directly applicable.
- 3.2 Working with Partners**
No directly applicable.
- 3.3 Place Based Working**
No directly applicable.
- 3.4 Climate Change and Air Quality**
No directly applicable.
- 3.5 Improving outcomes for children**
No directly applicable.
- 3.6 Financial Implications**
Independent members should in part assist implementation of strategic and operational financial and business controls.
- 3.7 Legal Implications**
No directly applicable.
- 3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**
A strong and effective Audit Committee should ensure effective corporate governance of the Council. Many of these aspects will be about financial achievements and control, but there are other aspects (as 3.1 to 3.5 above) where an effective contribution by an independent members should enhance the assurance and oversight, and thus the achievement of successful performance against all aspects of service provision.
- 4. Consultation**
None directly
- 5. Engagement**
None directly
- 6. Options**
The Committee needs to consider the following questions.
- a. Does it wish to seek authority to appoint a second independent member at this time?
 - b. Does it wish to seek to extend the term of the current independent member and new member to a period of up to 4 years each (by annual incremental stages)?
 - c. Does it wish to appoint in a similar way to that used to select the current independent member or to change the way in which nominees are sought to ensure a greater diversity of applicants?
- 7. Next steps and timelines**

Seek authority from Council to appoint a second independent member and any other changes as appropriate. Consider a further report to finalise the role description and recruitment arrangements.

8. Contact officer

Martin Dearnley Head of Audit & Risk.

9. Background Papers and History of Decisions

CGAC report 30th September 2022

10. Appendices

Role profile

11. Service Director responsible

The Head of Risk & Internal Audit holds responsibility for the planning, operation and reporting by Internal Audit.

The statutory officers with a responsibility for overseeing the internal audit function are:

- Samantha Lawton Service Director for Legal Governances & Commissioning.
- Kevin Mulvaney Service Director for Finance.

Corporate Governance & Audit Committee Co-optee Role Profile

Definition:

What is a Co-optee?

A Co-optee is a lay person, with an interest in oversight and governance of decisions and administrative actions that are being made by the council.

A Co-optee will contribute equally to the constructive work of the Corporate Governance and Audit Committee.

When decisions are taken by vote, the Co-optee will have the right to participate in the discussion but will not have the right to vote.

Experience, Skills and Knowledge:

What are the key experiences, skills, and knowledge do you need to effectively carry out the role?

- Knowledge as a finance professional (demonstrated by qualifications held, or gained, or experience in a large organisation).
- Experience of dealing with professional experts and advisors (such as external auditors).
- Experience of corporate governance, gained by working with, or within, a complex multifunctional organisation in any sector, including national or international commercial organisations.
- Effective communication.
- Listening, questioning and constructively challenging.
- The ability to look at issues from a broad perspective across Kirklees and beyond.
- Knowledge of the Kirklees area, its demography, and its challenges.
- The ability to work as a team with other Committee members and officers.
- The ability to weigh up information to reach conclusions and recommend actions.
- An interest in local matters.
- The ability to listen with an open mind to the points of view of others.
- The ability to not pre-judge outcomes or show bias, for example, party political bias.
- An ability to attend meetings of the committee, held during the daytime, in person wherever possible.
- A level of IT skills and connectivity (to participate in online virtual meetings if necessary).

Key tasks:

What are the key tasks associated with the role?

- Attending Committee meetings, approximately six times per year (additional meetings on an exceptional basis) with a commitment to attend most, if not all meetings. Please note that there is an expectation that you will attend meetings in person rather than virtually
- Attending the compulsory training provided.
- Reading papers and reports in preparation for meetings.
- Asking appropriate questions on issues.
- Assessing the evidence and information provided at meetings to form views and opinions.
- Contributing to discussions and to consideration of proposed actions.
- Undertaking work on assigned tasks (limited).

