

REQUEST FOR A SECOND INDEPENDENT MEMBER OF THE CORPORATE GOVERNANCE & AUDIT COMMITTEE

(REFERENCE FROM CORPORATE GOVERNANCE AND AUDIT COMMITTEE)

Meeting:	Council
Date:	18th September 2024
Cabinet Member (if applicable)	Not applicable
Key Decision Eligible for Call In	No No – Information report
<p>Purpose of Report To request approval from Council to appoint a second Independent Member for the Corporate Governance & Audit Committee.</p>	
<p>Recommendations</p> <ul style="list-style-type: none"> That approval be given to the appointment of a second Independent Member to the Corporate Governance & Audit Committee. <p>Reason for Recommendations</p> <ul style="list-style-type: none"> Independent members provide an opportunity for the Corporate Governance & Audit Committee to benefit from additional financial skills and relevant audit and governance experience from outside the Council, and continuity of membership. <p>The Committee currently has one Independent Member. A second Independent Member would bring greater resilience to this arrangement and enable the committee to benefit from a wider skill and experience base.</p>	
<p>Resource Implications:</p> <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 Executive <u>Director</u> & name.	Rachel Spencer Henshall 2 September 2024
Is it also signed off by the Service Director for Finance?	Not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning?	6 September 2024

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public

Has GDPR been considered? yes

1. Executive Summary

The Corporate Governance & Audit 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. At its meeting on 26th July 2024 the Corporate Governance & Audit Committee considered the potential advantages and disadvantages of having a second Independent Member of the Committee and agreed to request permission from Council to appoint a second 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 Corporate Governance & Audit 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 for the first Independent Member 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 appointed to the Council's Scrutiny Panels, 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 for the first Independent Member 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 considered the appointment of a second Independent Member.
- 2.9 Matters considered as a part of this were:
 - 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 also considered the tenure of the independent members. 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 authority to recruit a second ember is given, the Committee 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. The role is paid a nominal sum of c £1,000 per annum.

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 considered the following questions. (*answers*)

- a. Does it wish to seek authority to appoint a second independent member at this time?
(*yes*)
- 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)?
(*yes*)
- 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?
(*to be discussed at a future meeting*)

7. Next steps and timelines

If Council approves this request, a further meeting of the Corporate Governance & Audit Committee will 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, 26th July 2024

10. Appendices

Co-optee role profile – Appendix 1

11. Service Director responsible

Martin Dearnley (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).

