

Appointment of an Independent Person to the Audit Committee

*Executive Portfolio Holder: Peter Seib, Finance, Legal and Democratic Services
Director: Netta Meadows, Strategy and Support Services*

Purpose of the Report

To seek approval to appoint an independent person to the Audit Committee.

Public Interest

Audit Committees are a key component of corporate governance. They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.

Independent members with appropriate skills and experience supplement those of the elected members and improve the effectiveness of the Audit Committee.

Recommendations

Audit Committee recommended that Council:

1. Approve the appointment of an independent person to sit on Audit Committee for a period of two years
2. Approve the advert, role description, skills and competencies and person specification at Appendix A.

Report

The Audit Committee are requested to consider the appointment of an Independent Person (IP) to the Committee. The IP would be a non-councillor with some experience in the area of audit, similar to those on the Council's Standards Committee. The IP would have not a vote in the same way as councillors do at committee and will be there in an advisory consultative manner.

Suitably qualified and experienced independent member(s) serving on Audit Committees can also bring specialist knowledge and insight to the workings and deliberations of the committee which, when partnered with elected members' knowledge of working practices and procedures, ensure:

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

It is recommended that recruitment be on a competitive basis following the Council's rules, including an open advertisement and interviews, as currently undertaken for independent members of the Standards Committee. Reasonable travel and other expenses will be paid to the person concerned. A draft person specification for the role is attached as Appendix A.

Financial Implications

Any costs associated with the recruitment, selection, appointment and subsequent disbursements to any independent panel members would need to be contained from within existing revenue service budgets.

Legal Implications

The Council's Audit Committee is defined by the Local Government Act 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 independent members on the committee will assist and promote good governance and scrutiny of the committee.

Key Risk

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

Council Plan Implications

The inclusion of independent members on the Audit Committee could be seen to strengthen the role the community plays in the internal control and governance of the authority.

Carbon Emissions and Climate Change Implications

None

Equality and Diversity Implications

Applications for the position of Independent Person to the Audit Committee will be open to all residents over the age of 18 in South Somerset.

Privacy Impact Assessment

Any personal or sensitive data collected from applicants during the recruitment process will only be used in the recruitment process and will be disposed of confidentially at the conclusion of the appointment. Information will only be processed by SSDC staff and the Chairman of the Audit Committee and will be held as confidential throughout the recruitment process.

Background Papers

Role description, skills and competencies and person specification for Independent Person (attached at Appendix A)

Audit Committee – Appendix A

Role Description for Independent Person

Independent Person of Audit Committee – Role Description

1. To engage fully in collective consideration of the issues before the Audit Committee, taking into account a full range of relevant factors, including legislation and supporting regulation (e.g. the Accounts & Audit Regulations 2011), 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 Audit Committee functions, as set out in the Audit 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 Audit Committee, and of its terms of reference.
5. To ensure that the minutes of Audit Committee meetings accurately record decisions taken.

Independent Person of Audit Committee – Skills and Competencies

Indicators:

1. Demonstrates up to date knowledge, skill and a depth of experience in the fields of audit, accounting, risk management and performance management.
2. Operates consistently and without bias.
3. Is an effective role model; supports appropriate behaviours and challenges opinions and advice where appropriate, separating major issues from minor ones.
4. Contributes proactive, proportionate and independent thought, and also collaboration with officers to temper the opinions of Committee members.
5. Works sensitively with people inside and outside committee.
6. Listens to and balances advice.

Audit Committee**Person Specification for Independent Person**

Experience	Knowledge / experience in matters of an audit nature.	Essential
	Knowledge / experience of risk management, performance management and financial governance.	Essential
	Working to high behavioural standards, demonstrating honesty, probity and the highest level of integrity in conduct.	Essential
	Experience gained working in a large, or public sector, organisation.	Desirable
	Serving on a committee.	Desirable
Skills	Ability to weigh / sort complex evidence and reach rational conclusions, incorporating appropriate advice.	Essential
	Ability to be objective, independent and impartial.	Essential
	Ability to work in a group.	Essential
	Ability to make reasoned decisions.	Essential
	Strong strategic awareness and ability to identify emerging external factors that may impact on strategy, implementation of plans, or reputation with key stakeholders.	Essential
	A good communicator with excellent interpersonal skills, able to both empower and challenge supportively.	Essential
Knowledge	Knowledge of the locality of Northumberland, and knowledge of its communities.	Desirable
	Knowledge of the Council's strategic priorities and objectives, as set out in the Corporate Plan.	Desirable
	Understanding of the complexity of issues surrounding audit and risk management in local government.	Desirable
	Understanding of committee procedures.	Desirable
Other	Live or work in South Somerset or its surrounding areas.	Essential
	Must not be a serving local government officer or councillor.	Essential
	Must have no personal, legal or contractual relationship with South Somerset District Council (including employees or members or former staff), or any other relationship / activity which might represent a conflict of interest.	Essential
	Able and willing to devote the necessary time to the role.	Essential