

Extension of Appointment of Independent Persons to Audit Committee

COUNCIL

Date: 25 February 2015

EXTENSION OF APPOINTMENT OF INDEPENDENT PERSONS TO AUDIT COMMITTEE

Report of Lead Executive Director

Policy Board Member: Councillor D. Ledger, Deputy Leader of the Council

Purpose of report

To seek approval to extend the appointment of the two current independent persons sitting on Audit Committee.

Recommendations

It is recommended that Council:

1. Approve extension to the appointment of the two independent persons sitting on Audit Committee to 1 January 2017; and
2. Approve continuation of the current special responsibility allowance to be paid to the appointed persons.

Link to Corporate Plan

The work of Audit Committee contributes to the overall achievement of the Council's Corporate Plan 2013-2017. In particular, work supports the Council in its *"aim to grow a unified Council where all staff and elected members understand their role and are collectively motivated to deliver excellent services as effectively and efficiently as possible within our limited resources"*.

Key issues

1. Independent members with appropriate skills and experience to supplement those of elected members improve the effectiveness of the Audit Committee.
2. Two independent persons have been sitting as co-opted members on Audit Committee for a period of two years and, following review, it is proposed to extend

their tenure for a further two years. Both of the independent members have indicated their willingness for the extension of their tenure.

Background

3. In March 2012, Audit Committee resolved to recommend, subject to full Council, the introduction of independent members to the Audit Committee. This reflected good practice for audit committees in local government.
4. Following the appropriate recruitment process, on 5 December 2012 full Council approved the appointment of Ben Haywood-Smith and Irene Walker with effect from 1 January 2013 and at the special responsibility allowance of £1000 (index linked) as recommended by the Chairman of the Independent Remuneration Panel. The role description and person specification is attached at Appendix 1 for information.
5. At that time, it was agreed that the term of office for independent persons of the Audit Committee would be two years, with a provision for extension only on the recommendation of the Lead Executive Director, Corporate Resources in consultation with the Chair of Audit Committee, and with the approval of full Council. For clarification, to comply with legislation, the independent persons are able to attend and speak at meetings of the Audit Committee but they cannot vote.
6. Having concluded the two year term of office and a review of arrangements by the Lead Executive Director, Corporate Resources and Chair of Audit Committee, it is now proposed to extend the tenure of the current independent persons of the Audit Committee for a further two years. Both of the independent members have indicated their willingness for the extension of their tenure.

Implications

Policy	The appointment of independent persons to Audit Committee improves its effective operation within its terms of reference, as set out in the Constitution.
Finance and value for money	By fulfilling its remit effectively, the Audit Committee can demonstrate its role in the assurance framework, reducing financial risk and improving value for money.
Legal	There is no legal requirement for Local Authorities to have an audit committee, though this and the appointment of co-opted members is recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with local government law, the co-opted members do not have voting rights. Allowances payable to the Chair and Deputy Chair are in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.
Procurement	None

Human Resources	None
Property	None
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	None
Risk Assessment	Acting upon the results of a review of the role and effectiveness of Audit Committee by appointing independent persons reduces the risk of weak governance.
Crime & Disorder	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified.
Customer Consideration	An audit committee functioning in line with best practice strengthens the Authority's governance arrangements, and increases public confidence in the organisation's integrity.
Carbon reduction	None
Wards	All

Consultation

Audit Committee Chair, Cllr A. Dale
Deputy Leader, Cllr D. Ledger

Background papers:

CIPFA publication "A Toolkit for Local Authority Audit Committees"
CIPFA Self-Assessment Checklist
"Future of Local Public Audit – Consultation" – DCLG, March 2011.

Report sign off.

Finance Officer	N/A
Monitoring Officer/Legal	N/A
Human Resources	N/A
Procurement	N/A
I.T.	N/A
Executive Director	SM
Portfolio Holder(s)	DL

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Audit Committee

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 Lead Executive Director, Corporate Resources (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 Northumberland or its surrounding areas.	Essential
	Must not be a serving local government officer or councillor.	Essential
	Must not have been an officer or member of Northumberland County Council within the previous 5 years, from date of appointment.	Essential
	Must have no personal, legal or contractual relationship with Northumberland County 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

October 2012 (updated December 2014).