

## **Teignbridge District Council**

### **Audit Scrutiny**

**13 December 2023**

#### **Part 1**

### **APPOINTMENT OF INDEPENDENT MEMBER**

#### **Purpose of Report**

To obtain members views on the appointment of an independent member to the Audit Scrutiny Committee, and to seek approval to appoint if minded to do so.

#### **Recommendation(s)**

**Members are asked to decide whether they wish to recommend to Council, the appointment of an independent member to serve on the Audit Scrutiny Committee.**

#### **Financial Implications**

The costs in recruiting an independent member would be minimal. An allowance would need to be set for which the views of the Council's Appointments and Remuneration Committee would need to be sought. The costs of these allowances could be built into the budget setting process for future years. If payable this year, they would have to be met from within existing resources.

#### **Legal Implications**

There is currently no statutory requirement for an independent person to be appointed. However, the Government does intend to bring in legislation which will require at least one independent member to be appointed. Under the Council's Constitution, the decision to co-opt an independent member onto the Committee and their subsequent appointment would require full Council approval.

## **Risk Assessment**

There are no risks arising from this report, except to note that the inclusion of an independent member with specialist skills and insight could enhance the oversight of risk within the Council.

## **Environmental / Climate Change Implications**

None.

## **Report Author**

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## **Executive Member**

Councillor Richard Keeling – Executive Member for Resources

## **1. INTRODUCTION / BACKGROUND**

- 1.1 Audit Committees are a key component of corporate governance. Through their high-level oversight, they provide a reliable source of assurance on an organisation's arrangements for governance; management of risk and internal control; as well as the integrity of the financial reporting processes.
- 1.2 Suitably qualified independent member(s) with appropriate skills and experience may supplement those of elected members and serve to improve the effectiveness of the Committee. They can bring specialist knowledge and insight into the matters considered by it.
- 1.3 This view is supported by the Chartered Institute of Public Finance & Accountancy's 2022 [Position Statement on Audit Committees in Local Authorities](#), endorsed by the Department for Levelling Up and Housing, and also by Sir Tony Redmond's [2020 Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#) ("the Redmond Review") which recommended the appointment of at least one

independent member. The legislation to mandate this is still pending with these reforms not likely to materialise until 2024. The Redmond Review found in 2020 that 40% of authorities had independent members, but this is likely to have increased significantly by now.

- 1.4 It is recommended for recruitment to follow the same process as Standards independent members, namely by open advertisement and interviews. A draft person specification for the role is appended below.

## **2. CONCLUSION**

A co-opted independent member would enhance the function of the committee, and members are asked to give their support for the necessary arrangements to be made.

## **APPENDIX - Audit Scrutiny Committee**

### **Draft Role Description and Person Specification for Independent Person**

#### **Role Description**

To assist the Audit Committee in discharging its responsibilities as set out in its Terms of Reference and the Constitution by engaging fully in the collective consideration of the matters before them.

In particular, the Independent Person will be required to assist the Audit Committee in:

1. Providing independent assurance to the Council in relation to its internal control environment.
2. Considering and commenting on reports from Council officers, the external auditor and other inspection agencies.
3. Considering any significant issues arising from internal or external audit work and ensuring appropriate actions are taken for improvement.
4. Commenting on the Council's arrangements to counter fraud and corruption, including effective proactive and reactive actions.
5. Assisting in the review of the annual statement of accounts, including the annual governance statement and the external auditor's report.
6. Assisting in the review and monitoring of the effectiveness of both internal and external audit.
7. Assisting the Council in promoting high standards of conduct by elected and co-opted members through the Council's Code of Conduct.
8. Acting as an advocate and ambassador for the Council in promoting ethical behaviour.

#### **Selection Criteria**

#### **Experience, Skills/Competencies and Knowledge**

The Independent Person will have:

#### **Skills/Competencies**

- A desire to serve the local authority and a keen interest in public life.
- Ability to understand complex issues and an understanding of the importance of accountability and probity in public bodies.
- Up to date knowledge, skills and experience in the fields of audit, accounting, risk management.
- Ability to be objective, independent and impartial, and to exercise good judgement and make sound decisions without bias.

- Ability to influence and challenge the standards of governance within the Council, working sensitively with people inside and outside the committee.
- Ability to analyse evidence, to question written and verbal reports and to come to rational and well-evidenced conclusions.
- Ability to maintain confidentiality in relation to sensitive information.
- Effective interpersonal skills, able to challenge supportively.

### **Knowledge**

Should have, or should acquire as soon as possible after appointment, an understanding of:

- the Council's structure, responsibilities, and strategic priorities.
- audit, financial governance and stewardship and risk management in either the public or private sectors.
- the Council's decision-making process.
- the importance of ethical behaviour.
- how risks evolve and how they are managed.

### **Experience (all or some of the following)**

- Financial management (accountancy, audit or management of a large budget)
- Risk management in a complex organisation
- Operating in a political environment
- Serving on a committee or board

### **Other**

- Must not be a serving local government officer or councillor
- Must have no personal, legal or contractual relationship with Teignbridge District Council (including members or employees of former staff) or any other relationship or activity which might present a conflict of interest.
- Able and willing to devote the necessary time to the role.