

SUBJECT:	APPOINTMENT OF INDEPENDENT MEMBERS: AUDIT COMMITTEE
REPORT BY:	CHIEF EXECUTIVE & TOWN CLERK
LEAD OFFICER:	JACLYN GIBSON, CHIEF FINANCE OFFICER

1. Purpose of Report

- 1.1 To recommend the appointment of two Independent Members to the Audit Committee.

2. Background

- 2.1 The Audit Committee plays a vital role in providing review and scrutiny of the Council's control and governance arrangements and is a key element of its overall governance framework. The inclusion of an Independent Member on the committee with appropriate skills and experience supplements those of the elected members and improves the effectiveness of the Audit Committee.
- 2.2 An Independent Member is a Committee Member who is not an elected representative but recruited to join the Committee. These members are appointed to increase the knowledge and experience of the committee reinforcing its independence. The role of the independent member is set out within their Job Role and Person Specification and whilst it primarily follows that of the elected members the main difference within the Council is that they do not have any voting rights and cannot chair the meetings. They will be part of the Committee in an advisory and consultative manner.
- 2.3 While operating as a member of the Audit Committee, the independent person is required to follow the Councils' Constitution and Code of Conduct for elected members. They must also register any interests.
- 2.4 Whilst there is no legislative requirement to have any Independent Audit Committee members it is good practice and legislation is currently proposed which would require Councils to have at least one Independent Audit Committee member.
- 2.5 In 2022 CIPFA issued revised Guidance on Audit Committees, which recommends that Councils appoint two Independent Members to the Audit Committee. They set out the following reasons for this:
- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
 - To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
 - To help achieve a non-political focus on governance, risk and control matters.

- Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
 - Having two co-opted members shows a commitment to supporting and investing in the committee.
- 2.6 The Audit Committee's current Terms of Reference currently provide for one Independent Member to form part of the Committee. The current Independent Member has been in post since April 2016 and under the terms of the appointment, extensions can be given every two years up to a maximum term of eight years. The current Independent Member was free to re-apply for the role.
- 2.7 As a result of the latest effectiveness review of the Audit Committee, taking into account the latest Guidance issued by CIPFA, the Committee agreed to propose to amend its Terms of Reference on the basis of a minimum of one Independent Member and a maximum of two. This will allow flexibility should there be any difficulty in recruiting to two Independent Members.

3. Recruitment Process

- 3.1 A recruitment pack was prepared for the role of Independent Member which included a Job Role and Person Specification stating the skills, knowledge and other requirements for the role. The roles were advertised on the Council's website, and promoted through social media channels and LinkedIn, and on This is Lincolnshire. In addition, it was circulated through the Council's and partnership networks, including Lincoln Town Board, the Chamber of Commerce, Business Lincolnshire, BE Smarter network, the University of Lincoln and Developer Forums.
- 3.2 There was a positive response to the advertisement with six applications received. On assessment of the applications against the Person Specification, four candidates were shortlisted for interview. Interviews took place on 9th July by a Panel, consisting of the Chair of the Audit Committee and the Leader of the Opposition (who is a Member of the Audit Committee), supported by the Chief Finance Officer and Internal Audit Manager. At the interviews, the applicants were asked a series of questions to assess their suitability for the role against the criteria set out in the person specification.
- 3.3 The Panel decided to recommend the existing Independent Member, Jane Nellist, for reappointment and to also recommend that a second Independent member be appointed, Dave Carter, thus increasing the Audit Committee membership from one to two Independent Members. Both candidates demonstrated that they met the criteria for the role and had a good understanding and an enthusiasm to support the Audit Committee. The interview panel were unanimous in their decision on the recommendation to the Council.
- 3.4 Subject to Council approving their appointment, the Independent Members will be appointed for a fixed two-year term commencing on 1st September 2024, with the option to extend up to a further two years each time, with a maximum term of eight years.

4. Strategic Priorities

- 4.1 Internal control, governance and risk management arrangements are in place to help ensure the Council makes appropriate use of its resources and powers. The Audit Committee is a key component of governance. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. They play an important role in supporting leadership teams and elected members and help the Council to achieve the priorities set out in the Vision 2025.
- 4.2 The appointment of Independent Members to the Audit Committee supplements those of the elected members and improve the effectiveness of the Audit Committee.

5. Organisational Impacts

5.1 Finance

There will be financial implications of increasing the number of Independent Audit Committee members and increasing the remuneration. These are likely to be c£500 per year and will be accommodated within existing cash limit budgets.

5.2 Legal including Procurement Rules

Although not a legislative requirement, best practice and the revised CIPFA 2022 position statement, endorsed by the Department for Levelling Up, Housing and Communities recommend that Audit Committees in local government should include at least two co-opted Independent Members.

5.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

The appointment process has been undertaken in accordance with the Public Sector Equality Duty.

6. Risk Implications

- 6.1 The proposals in this report seek to extend the Independent Membership of the Audit Committee to two, which will further strengthen the Councils already strong arrangements through its Audit Committee.

7. Recommendation

- 7.1 Council are asked to approve the appointment of Jane Nellist and Dave Carter as Independent Members of the Audit Committee with effect from 1st September 2024.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain? None

List of Background Papers: None

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