

## AUDIT COMMITTEE INDEPENDENT MEMBERS

Audit Committee - 15 July 2021

**Report of:** Deputy Chief Executive and Chief Officer - Finance & Trading

**Status:** For Consideration

**Key Decision:** No

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer(s):** Adrian Rowbotham, Ext. 7153

Francesca Chivers, Ext. 7053

### **Recommendation to Audit Committee:**

- (a) Members give consideration to appointing independent member/s to the Audit Committee.
- (b) If Members choose to do so, recommend to Council the appointment of up to two additional co-opted non-voting members, or
- (c) If Members choose not to do so, recommend how frequently the Audit Committee should consider independent members.

### **Introduction and Background**

- 1 Within the Constitution of Sevenoaks District Council (Part 6 - Audit Committee, section 2.3) is the following:
- 2 *'The Audit Committee shall be entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. Any co-opted members must have the necessary technical knowledge and skills to be of value to the business of the Committee.'*
- 3 The Audit Committee has never previously requested to take up this option but should give it consideration on a periodic basis.

### **Other Kent Councils**

- 4 The following table shows whether the other thirteen Kent councils have independent members or not.
- 5 Nine councils have no independent members, two councils have one, one council has two and one council has four.

Council	Independent Members
Ashford	None
Canterbury	None
Dartford	None
Dover	None
Folkestone & Hythe	One non-voting independent member. Allowance of £834 per annum.
Gravesham	None
Kent CC	One independent member since January 2020. Allowance of £1,500 per annum.
Maidstone	Two non-voting parish representatives, appointed by Council. Allowance of £350 each per annum.
Medway	None
Swale	None
Thanet	None
Tonbridge & Malling	None
Tunbridge Wells	Two independent members who do not have a vote. Allowance of £800 each per annum. There is a formal recruitment process for their appointment, they are for a four-year term which can be extended to a maximum of eight years. There are also two parish council representatives on the committee who cannot vote. Their allowance is also £800 each per annum.

## Redmond Review: Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting

- 6 The Local Audit and Accountability Act 2014 (the 2014 Act) introduced a new Audit regime for local government to replace the previous arrangements, under which the Audit Commission performed that role. This Review examined the effectiveness of local audit as now practised.
- 7 The purpose of the Review is to test not only the impact of external audit activity in local government but also to look, critically, at how this helps to demonstrate public accountability, particularly to service users and council taxpayers. In a similar context the brief of the Review extends to the issues of transparency in financial reporting of local authorities, with attention being directed towards whether the annual accounts and associated published financial information can be readily understood by the public.
- 8 The review was published in September 2020 and a link to the full review can be found in the background documents section of this report.
- 9 Most of the recommendations included in the review relate to external audit provision and the annual statement of accounts. However, the following recommendation relates to the Audit Committee:
- 10 The governance arrangements within local authorities be reviewed by local councils with the purpose of:
  - an annual report being submitted to Full Council by the external auditor;
  - **consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee;** and
  - formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.
- 11 CIPFA also endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.

### Process for the Appointment of Independent Member/s

- 12 If Members of the Audit Committee wish to request an independent member or members join the Committee, they are required to make a recommendation to Council.
- 13 If Council are supportive, the Deputy Chief Executive and Chief Officer - Finance and Trading be authorised to advertise for co-opted non-voting member/s of the Audit Committee.
- 14 Also, the Deputy Chief Executive and Chief Officer - Finance and Trading in consultation with the Chairman of the Audit Committee be authorised to form a panel to interview candidates, such interview to be designed to test that candidates have the necessary technical knowledge and skills to be of

value to the business of the Committee. Any appointment would run until May 2023.

## **Key Implications**

### Financial

There is currently no specific budget for Independent Audit Committee Member Allowances and any additional allowance would be required to be approved by Council.

The allowances paid by other Kent councils are included in the table in the report. For information the allowances paid to the independent persons in the Standards Committee are currently £493 per annum.

### Legal Implications and Risk Assessment Statement.

The legal implications are as set out in the report. Please note that Part 6 of the Constitution (as set out above) permits the Audit Committee to recommend the appointment of up to two additional co-opted non-voting members. Any such recommendation will be referred to the next meeting of Full Council for a final decision.

### Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

### **Appendices**

None

### **Background Papers**

Redmond Review: Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/916217/Redmond\\_Review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916217/Redmond_Review.pdf)

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**