

**Division: All**

## **AUDIT & GOVERNANCE COMMITTEE – 5 JANUARY 2022**

### **Appointment of Independent Members to the Committee**

**Report by Director of Law & Governance and Monitoring Officer**

#### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to approve the proposed approach for recruiting and appointing two Independent Co-opted Members to this Committee.**

#### **Executive Summary**

2. In recent years, the work of the Committee has benefited from the co-option to it of an Independent Member, Dr Geoff Jones. While it is not a statutory requirement to do this, it is recommended best practice to do so. The perspective and challenge afforded by an Independent Co-opted Member is integral to the purpose of an effective audit committee, as has been proven through the services of Dr Jones.
3. It is also recommended best practice that this independent perspective is refreshed periodically. As such, this report sets out a proposal for seeking public interest in the role of an Independent Co-opted Member for this Committee. This proposal involves a public advertisement against the CIPFA skills and competencies framework for audit committee members. The appointment, and any remuneration for it via a Special Responsibility Allowance, will be for Full Council to determine.
4. The Committee is asked to endorse the recruitment on the basis set out in this report. As such, a role description is included as an Annex to this report.

#### **Role and purpose of an Independent Member**

5. It is not a statutory requirement for the Council to appoint an Independent Co-opted Member of the Committee, as it is for other public sectors. However, it is certainly best practice to do so. CIPFA publishes best practice guidance to the work of audit committees in local authorities – *Audit Committees: Practical Guidance for Local Authorities and Police (2018)*. In this, CIPFA “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”.
6. The guidance notes two key benefits:
  - a) To bring additional knowledge and expertise
  - b) To reinforce the political neutrality and independence of the committee

7. The Redmond Review<sup>1</sup> commissioned by the then Department for Housing Communities and Local Government in late 2019, reviewed the arrangements in place to support the transparency and quality of local authority financial reporting. The findings were published in September 2020 and included in the recommendations was that consideration should be given to the appointment of at least one independent member, suitably qualified, to the Audit Committee. The Government, in its published response to the review in December 2020 accepted this recommendation.
8. The role description in the Annex would form part of the information provided as part of the public advertisement. Assessment would reflect the knowledge and skills framework appended to the CIPFA guidance. It is not envisaged that the co-opted independent members would have voting rights on decisions coming before this Committee: rather, that the co-opted members are fully involved in the discussions on issues coming before the Committee and if appointed to it, potentially, its Audit Working Group.

### **Proposed approach to recruitment and appointment**

9. The guidance is also clear that the position should be publicly advertised and that appointments to it should be for a fixed term to enable a refresh from time to time. As such, it is proposed that the role be advertised for **two** year fixed term, renewable once. It is suggested that the review of any expressions of interest, and any interview, be carried out by the Monitoring Officer and the Director of Finance and either the Chair or Deputy Chair of this Committee.
10. It will then be for Full Council to receive a report from the Monitoring Officer on any potential appointment and for Council to make any such decision to appoint.

### **Remuneration**

11. Currently, the Council's Scheme of Members' Allowances includes a Special Responsibility Allowance (SRA) for the co-opted member of this Committee. That SRA is based on a recommendation of the Independent Remuneration Panel and is weighted in recognition that the Independent Co-opted Member also currently chairs the Audit Working Group.
12. If any new co-opted members were to serve similarly, then the relevant remuneration is already in place. However, it cannot be assumed that this Committee would wish to appoint a new co-opted member to that role, particularly in the first instance. As such, it would be for Full Council, following any recommendation from the Independent Remuneration Panel, to reassess the appropriate level of any co-opted member's allowance in this case.

### **Financial Implications**

---

<sup>1</sup> Report on its findings was presented to Audit & Governance Committee in November 2020

13. There are no immediate financial implications arising from this proposal. A Special Responsibility Allowance already exists for this role. Any decision by Full Council on future remuneration will no doubt take this existing level into account.

### **Legal Implications**

14. The Council is under no legal obligation to appoint Independent Co-opted Members. As such, there are no legal issues arising from the report. The matter is simply one of best recommended practice.

### **Equality and Inclusion Implications**

15. The report asks the Committee to agree to the advertisement of this opportunity with a view to obtaining expressions of interest. Any such advertisement and subsequent assessments would be carried out with the intention of achieving the widest possible level of interest.

#### **ANITA BRADLEY**

Director of Law & Governance and Monitoring Officer

Background papers: Nil

Contact Officer:

December 2021

## **ANNEX 1**

### **PERSON SPECIFICATION**

#### **OXFORDSHIRE COUNTY COUNCIL**

#### **AUDIT & GOVERNANCE COMMITTEE – APPOINTMENT OF INDEPENDENT MEMBERS**

##### **Person Specification**

The successful candidate will be someone who:

- understands the importance of good governance and the responsibilities placed on those responsible for oversight of good governance
- shows an appreciation of the complex issues which can arise within any large and diverse organisation
- demonstrates a commitment to building a strong council with clearly articulated objectives and purpose
- has gained practical experience in financial or general management within a business or public sector environment
- understands the roles and purpose of internal and external audit
- understands the importance and benefits of good risk management
- demonstrates an understanding of the statutory duties and legislative requirements relevant to local government
- has good communication and interpersonal skills
- displays open-mindedness and impartiality
- is able to analyse, interpret and absorb information and evidence effectively and quickly
- understands and complies with confidentiality requirements

Previous experience of audit committee (or equivalent) experience would be desirable but is not essential.

Independent members should not be affiliated with a political party as this may result in potential conflicts of interest. They should also be willing to disclose to the council any matter which, if it became public, might damage the council's reputation.

Oxfordshire County Council seeks to reflect the views of all their residents and therefore welcome applications from members of all communities. The successful

candidates should preferably be residents of Oxfordshire or otherwise be able to demonstrate some direct connection.

## BACKGROUND INFORMATION

### OXFORDSHIRE COUNTY COUNCIL

#### **AUDIT & GOVERNANCE COMMITTEE – APPOINTMENT OF INDEPENDENT MEMBERS**

##### **Background Information**

Oxfordshire County Council is seeking to appoint two independent members to their audit committee.

Oxfordshire County Council operates a joint working arrangement with Cherwell District Council, who are also seeking to appoint an independent member for their audit committee. These are separate appointments and therefore each Council will undertake its own selection and interview process. Candidates may apply to serve on one or both committees.

##### **About Us**

Oxfordshire is a diverse and dynamic county with nearly 700,000 residents. Along with the historic city of Oxford and large town of Banbury, the county has a thriving network of villages and market towns. They are home to around 40% of the population, making Oxfordshire the most rural county in the south-east.

In 2020/21, we spent £752.4m (excluding schools). This included £68.9m to meet exceptional expenditure and income losses relating to COVID-19. In addition, we spent £201.6m on schools, which was fully funded by government grant. We spent £153.5m on capital projects which included investment in highway improvements, new school buildings and energy efficient street lighting.

The council provides a wide range of services including the provision of:

- Adults and Children's social care
- Education and learning
- Highways and transport
- Waste disposal and recycling
- Public health improvement and prevention services
- Fire and rescue and community safety
- Libraries, cultural, registration and coroners' services

The council is comprised of 63 elected councillors. Full council meets six times a year and approves the overall policies and annual budget of the council. The cabinet comprises the leader and nine other councillors. It meets every month and makes all

key decisions unless the issue has been specifically delegated to an individual cabinet member. Meetings are normally held at the council's offices at County Hall, Oxford.

### **What are the responsibilities of the Audit Committee?**

The primary purpose of the Audit & Governance Committee is to provide independent assurance on the effectiveness of the control environment and corporate governance arrangements operating within the council. This is achieved by:

- reviewing the annual statement of accounts and annual governance statement.
- considering reports received from the internal and external auditors on work completed;
- monitoring the independence, objectivity and performance of the auditors;
- considering the effectiveness of the authority's risk management arrangements
- monitoring counter fraud plans and activities;
- reviewing the council's treasury management strategy and activities.

The committee's responsibilities are set out in the terms of reference, which are contained in the council's constitution. The committee reports annually regarding their work, to demonstrate how they have fulfilled their responsibilities.

### **What are Audit Committee Members expected to do?**

Independent co-opted members are formally appointed to serve on the Council's audit committee for an agreed period of time.

Members are expected to read agenda papers sent prior to each meeting, attend meetings and participate in questioning officers about the contents of reports prepared for the committee's consideration.

Independent co-opted members may also be expected to attend training sessions and read other background information relevant to the working of the committee.