

Rother District Council

Report to	-	Audit and Standards Committee
Date	-	18 May 2020
Report of the	-	Executive Director
Subject	-	Appointment of an Audit Independent Person to the Audit and Standards Committee

Recommendation to COUNCIL: That:

- 1) a non-voting Audit Independent Person be appointed to the Audit and Standards Committee for a period of two years with the option of extending this for a further two years;
- 2) the role description, skills and competencies and person specification at Appendix A be agreed; and
- 3) the Council's Constitution be amended accordingly.

AND

It be **RESOLVED:** That subject to Council's approval of recommendations 1 to 3 above:

- 4) an Interview Panel be appointed comprising the Chairman of the Audit and Standards Committee, Audit Manager and Assistant Director Resources; and
 - 5) the proposed appointee be recommended to the next available meeting of the Audit and Standards Committee for onward recommendation to Council.
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Background

1. Audit Committees are a key component of corporate governance. They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
2. Although not a legal requirement, the appointment of independent co-opted Members is considered good practice. Independent Members with appropriate skills and experience supplement those of the elected Members and improve the effectiveness of an Audit Committee.

Discussion

3. The Audit and Standards Committee are requested to consider the appointment of an Audit Independent Person (AIP) to the Committee. The AIP would be a non-elected member of the public with some experience in the area of audit, similar to the Independent Persons (IPs) appointed under the Localism Act to deal with standards related matters of this Committee's work. The AIP would be a non-voting Member of the Committee and will be there in an advisory/consultative manner.

4. A suitably qualified and experienced AIP serving on the Audit and Standards Committee can bring specialist knowledge and insight to the workings and deliberations of the Committee which, when partnered with elected Members' knowledge of working practices and procedures, ensures:
 - An effective independent assurance of the adequacy of the risk management framework.
 - Independent review of the Council's financial and non-financial performance.
 - Independent challenge to and assurance over the Council's internal control framework and wider governance processes.
 - Oversight of the financial reporting process.
5. It is proposed that recruitment be on a competitive basis following the Council's employment rules, including an open advertisement and interviews, as currently undertaken for the IPs appointed under the Localism Act. An advert will be placed on the Council's website and highlighted through social media messages and MyAlerts inviting applications with a closing date to be confirmed once Council has considered the matter. The vacancy will also be notified to all Councillors and all Parish and Town Councils within the Rother area.
6. The expectation is that the AIP will attend every meeting of this Committee and is likely to have discussions with the relevant officers outside of the formal meetings. It is proposed that an annual allowance of £900 per annum be attached to the role to cover all expenses, including travel to meetings.
7. A draft role description, skills and competencies and person specification is attached at Appendix A. It is recommended that the AIP is appointed for a term of two years with the option of extending this for a further two years.
8. Any costs associated with the recruitment, selection, appointment and subsequent payments to any AIP will need to be contained within existing revenue budgets.
9. The Council's Constitution will need to be amended to reflect the additional role on the Committee.

Recommendations

10. It is recommended that the Council agrees to the appointment of a non-voting Audit Independent Person to the Audit and Standards Committee for a period of two years with the option of extending this for a further two years.
11. Assuming full Council agree to recommendations 1 to 3 of this report, the Council's Constitution will need to be amended to reflect the new role.
12. It is hoped the role description, skills and competencies will attract candidates who are able to commit to the expectations of the role. Suitable candidates will be interviewed by a Panel comprising the Chairman of the Audit and Standards Committee, Audit Manager and Assistant Director Resources.
13. The Panel will make a recommendation to the next available meeting of the Audit and Standards Committee for onward recommendation to full Council.

Malcolm Johnston
Executive Director

Risk Assessment Statement

There are no risks attached to this report as, subject to recruiting an appropriate person in line with the job description and person specification, this initiative should augment the Audit and Standards Committee's independence, provide additional expertise, and provide an opportunity for the community to play an enhanced role in the governance of the Council.

Role Description for Audit Independent Person

1. To engage fully in collective consideration of all audit matters before the Audit and Standards Committee, taking into account a full range of relevant factors, including legislation and supporting regulation (e.g. the Accounts and Audit Regulations 2015), professional guidance (e.g. that issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) or the Chartered Institute of Internal Auditors (IIA)), and the advice of the Council's Section 151 officer.
2. To participate fully in the discharge of all audit functions, as set out in the Audit and Standards 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 and Standards Committee with regards to audit matters, and of its terms of reference.

Audit Independent Person– Skills and Competencies

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 and Standards Committee

Person Specification for Audit 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 Rother, 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	Must live or work in the Rother District Council area.	Essential
	Must not be a serving local government officer or Councillor.	Essential
	Must have no personal, legal or contractual relationship with Rother District 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