



**REPORT of
DIRECTOR OF STRATEGY AND RESOURCES**

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
7 MARCH 2024**

**INDEPENDENT PERSON OF THE PERFORMANCE, GOVERNANCE AND AUDIT
COMMITTEE**

1. PURPOSE OF THE REPORT

- 1.1 To consider the principle of an independent person to the Performance, Governance and Audit committee.

2. RECOMMENDATIONS

To the Council:

- (i) That the Committee approve / recommend to the Council the principle of co-opting an Independent Person onto the Joint Audit and Governance Committee on a non-voting basis;
- (ii) That the Committee approves the person specification attached at **APPENDIX 1**.

3. SUMMARY OF KEY ISSUES

- 3.1 On 13 July 2023, the Council received the finance peer review which had a suggested action plan for improvements. Item 15 was that the Council should consider appointing an independent person to the Performance, Governance and Audit Committee.
- 3.2 In November 2023 the Finance Working Group received the action table and referred this and several other matters to the Performance, Governance and Audit (PGA) Working Group, who reviewed the suggestion in their 9 January 2024 meeting. The PGA Working Group agreed to progress the matter through the Committee.
- 3.3 Many local authorities include independent persons on their audit committees (or similar) as this is seen as strengthening the internal control and governance of the authority. Independent persons with appropriate skills and experience can supplement those of elected members and improve the effectiveness of such committees.
- 3.4 Guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) encourages local authorities to include independent persons on their audit committees which is seen to bring positive benefits and be a mark of good practice to demonstrate good governance principles and independence from the executive and other political allegiances. It is a requirement for police audit committees, English combined authorities and for local authorities in Wales, and it is usual practice for

non-executives to be committee members in health and central government audit committees. The injection of an external view can often bring a new approach to committee discussions. There is a possibility that the 'good practice' could become a requirement in the future.

- 3.5 Independent persons are non-councillors who are suitably qualified with experience in the area of audit / governance and bring specialist knowledge and insight to the workings and deliberations of the committee to amongst other things provide:
- an effective independent assurance of the adequacy of the risk management framework.
 - additional knowledge and expertise to the committee.
 - 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.
 - reinforcement of the political neutrality and independence of the committee.
 - maintain continuity of committee membership where the membership is affected by the electoral cycle.
- 3.6 The independent person would not have a vote in the same way as members of the committee and will be part of the committee in an advisory and consultative manner.
- 3.7 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 should also register any interests. It is usual for co-opted persons not to have voting rights, and this is the position being proposed here.
- 3.8 There would be associated a suggested annual remuneration of £700, across the seven meetings regularly scheduled in a municipal year.
- 3.9 A job specification is attached at **APPENDIX 1** and is based on similar positions at other councils. Officers propose that the arrangements for the recruitment and advertising of the role are delegated to the Assistant Director: Programmes, Performance and Governance, with a panel of PGA Committee members supporting the interview process (Officers suggest PGA Working Group).

4. CONCLUSION

- 4.1 The report recommends appointment of an independent person to the Performance, Governance and Audit Committee and sets out the detail for Committee consideration and recommendation to the Council.

5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2023 - 2027

5.1 Smarter finances

- 5.1.1 Robust review of audit and performance underpins smarter finance approach.

5.2 Provide good quality services.

- 5.2.1 Robust review of audit and performance contributes to learning that may improve services.

6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk (including Fraud implications)** – Independent review of audit and performance increases scrutiny and lessens fraud risk.
- (iv) **Impact on Resources (financial)** – Independent review of audit and performance could contribute to improved financial decisions.
- (v) **Impact on Resources (human)** – Independent review of audit and performance could contribute to improved resource decisions.

Background Papers:

Local Government Association Finance Peer Challenge:

- [Report to the Council \(13 July 2023\)](#)
- [Appendix 1 to Council report](#)
- [Appendix 2 to Council report](#)

Enquiries to:

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