

Part A

Report to: Council

Date of meeting: Tuesday, 30 January 2024

Report author: Group Head of Democracy and Governance

Title: Appointment of Independent Person to Audit Committee

1.0 Summary

1.1 Following the recent Corporate Peer Challenge Review and discussion with the Elected Mayor and Portfolio Holders Council is asked to agree to the appointment of an Independent Person to act as a critical friend to the Audit Committee.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Reputational. Council does not agree to make an appointment	The Council does not have as effective an audit committee as it could have.	An independent member is appointed	treat	2
Reputational. No suitable candidate is found.	No Independent member is appointed	The position is advertised in appropriate financial trade press	treat	2

3.0 Recommendations

3.1 That an Independent Member of the Audit Committee is advertised for with a view to commencing on the committee from the start of the 2024 Municipal Year.

3.2 That a panel comprising the Chairs of Audit Committee and Finance Scrutiny Committee, Chief Finance Officer, and Group Head of Democracy and Governance

be appointed to interview candidates with a view to making a recommendation to Council in March 2024.

- 3.3 That remuneration for the position be set at £1,500 as recommended by the Independent Remuneration Panel.

Further information:

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Report approved by: Donna Nolan

4.0 Detailed proposal

- 4.1 The recently published Corporate Peer Challenge report suggested that the council considered appointing an Independent Member to the Audit Committee. This follows on from CIPFA's Position Statement on Audit Committees in Local Authorities and Police in 2022 which stated that in order to improve the effectiveness of Audit Committees local authorities should enable Audit Committees to have the required members with knowledge and expertise, whether drawn from elected members or having an independent member co-opted to the committee. This proposal is also endorsed by the Elected Mayor and Portfolio Holders.
- 4.2 Research within Hertfordshire has shown that seven of the 11 councils already have an independent person on their Audit Committee and of the 4 who don't (including Watford) 2 others are actively considering it.
- 4.3 Attached at appendix 1 is a proposed job description for the position. It is proposed that the position be advertised on the council's website and appropriate financial trade sites. It is also proposed that a panel comprised of the Chairs of Audit Committee and Finance Scrutiny Committee, the Chief Finance Officer, and the Group Head of Democracy and Governance interview candidates with a view to making a recommendation to Council in March.
- 4.4 The Independent Members Remuneration Panel were asked to recommend a suitable payment for the role and have recommended that £1,500 be offered.
- 4.5 The intention would be that the independent person would take up duties from the 2024 municipal year and would hold the position for 4 years.

5.0 **Implications**

5.1 **Financial**

- 5.1.1 The Chief Finance Officer comments that an allowance has been made within the proposed budget for 2024/25 to meet the cost of remuneration for an independent member.
- 5.1.2 The audit committee is often required to consider complex and technical financial issues and has specific responsibility for the approval of the Annual Governance Statement, Annual Statement of Accounts, and scrutiny of Treasury Management. Independent members can bring knowledge of these areas, enhancing the work of the committee and increasing assurance for all councillors who are ultimately responsible for the governance arrangements of the Council.

5.2 **Legal Issues** (Monitoring Officer)

- 5.2.1 The Group Head of Democracy and Governance comments that the Independent Member would not have voting rights on the committee but would act as a critical friend to the committee and council and assist with the committee's important role of holding the council to account for good governance.

5.3 **Equalities, Human Rights and Data Protection**

- 5.3.1 Having had regard to the council's obligations under s149, it is considered no equality impact analysis is required. The council will adhere to its recruitment policies in undertaking this appointment.

5.4 **Staffing**

- 5.4.1 No implications

5.5 **Accommodation**

- 5.5.1 No Implications

5.6 **Community Safety/Crime and Disorder**

- 5.6.1 No implications

5.7 **Sustainability**

- 5.7.1 No implications

Appendices

- Proposed job description.

Background papers

No papers were used in the preparation of this report.

