

TENDRING DISTRICT COUNCIL

Audit Committee Independent Person - Person Specification

Audit Committees in Local Government

Audit Committees are a fundamental pillar of good corporate governance and the Council established its own Committee back in 2006. The Council's Audit Committee operates against detailed terms of reference which are appended to this person specification.

The composition of the Audit Committee is a key factor in achieving the characteristics of a good Audit Committee. The membership of the Council's Audit Committee has recently been increased from five to seven members, which further underlines its import role within the Council.

The appointment of Independent Person(s) to Audit Committees initially stemmed from recommendations emerging from the Redmond Review, which was a national independent review into the oversight of local audit and the transparency of local authority financial reporting undertaken by Sir Tony Redmond. The outcome of this review has remained a cornerstone of various improvement plans and revised arrangement considered and introduced by the Government. It still features within the latest review into the local audit regime which remains subject to consultation and review by the Government before implementation. In terms of this latest review, the Government propose to mandate audit committees within Local Authorities, including the provision for one independent member on those committees.

Notwithstanding the above, CIPFA have issued their own guidance that states that:

“The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise”.

Taking the above into account, the Council's Audit Committee have endorsed the approach of potentially appointing at least two people, with this recruitment process seeking the initial appointment to one of those roles.

What is the role of an Independent Person and what sort of person is the Council looking to appoint?

Audit Committee members need an underlying independent, sceptical mindset and a willingness to provide robust challenge. The introduction of independent members is seen as beneficial to the audit committee in many ways, including:

- Ensuring a mix of skills and experience across a range of functions and activities
- Providing an external view can often bring a new approach to committee discussions.

- Reinforce / support the political neutrality and independence of the Committee within the Council.
- Helps maintain continuity of committee membership where membership is affected by the electoral cycle.

Overlaying the above with the CIPFA guidance mentioned above, general aptitude also needs to be considered alongside relevant knowledge, skills and experience.

The appointment of co-opted independent members therefore needs to take account of the overall knowledge and expertise of the existing members of the Committee. Based on the most recent review, the Council is looking for someone who can demonstrate a good understanding and experience in the following areas:

- Financial stewardship / value for money
- Risk management / business continuity

The Council's Audit Committee has delegated authority to make decisions on behalf of the Council in a number of areas as highlighted within its terms of reference - it is not proposed to provide the independent member with associated voting rights. This will remain subject to on-going review to ensure that the arrangements remain appropriate and effective. The Committee does however also have an advisory role, upon which the independent member would play an essential role. This may include identifying areas of challenge and review which could possibly involve attending further meetings outside the formal quarterly based meeting schedule of the Committee and attendance at other Council Committee meetings as necessary.

Who is eligible?

Similar to arrangements elsewhere within the Council, a person would not be considered independent and eligible if they:

- Are, or have been within the past 5 years, a member, co-opted member with voting rights, or someone who has stood for office, or Officer of the Council or of one of the Town or Parish Councils in the District; or
- Are, or have been within the past 5 years, a relative, or close friend, of a member, co-opted member with voting rights, or someone who has stood for office within the last 5 years, or officer of the Council or of one of the Town or Parish Councils in the District. For this purpose, "relative" means –
 - a. A spouse or civil partner;
 - b. Living with the person as husband and wife or as if they were civil partners;
 - c. A grandparent of the person;
 - d. A lineal descendent of a grandparent of the person;
 - e. A parent, sibling or child of the person;
 - f. A spouse or civil partner of c., d. or e. above;
 - g. Living with a person defined at c., d. or e. above as husband and wife or as if they were civil partners

How long is the appointment?

The period of appointment is proposed to be from the date of acceptance of the role once offered up to and including 31 March 2028.

Do I have to live or work in the District?

Not necessarily, but a connection to the District will add to the merits of your application.

How will the successful candidate be appointed?

The position is being advertised publicly via the Council's website, with consideration of using complementary approaches as necessary.

The appointment process has been delegated to the Chief Executive in consultation with the Audit Committee Chairman.

The Council will only consider / appoint someone who makes a formal application.

Following the appointment process, the necessary induction / training will be provided to the successful candidate.

Is the position paid?

The Independent Member will be entitled to a payment of approximately £TBC a year under the Council's associated allowances scheme to reflect the commitment required that includes the necessary regular attendance at committee meetings and associated preparatory work and reading of reports.

How much time does it involve?

The estimated time commitment required to undertake the role can vary, but on average it would involve attendance at four meetings of between one to three hours, plus associated preparatory reading etc. Committee meetings are generally held in the mornings. As highlighted earlier, attendance may also be required at associated meetings when necessary, such as the Council's Overview and Scrutiny Committees.

APPENDED - FUNCTIONS AND TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The discharge of the following miscellaneous functions – Part II as set out in Schedule 1 to the Local Authorities (Functions and Responsibilities Regulations) (England) 2000 (as amended) and as detailed in Appendix 1 to Part 3 of the Constitution.

Duty to approve the authority's statement of accounts, income and expenditure and balance sheet or record of receipts and payments (as the case may be).

Additional roles and functions of the Committee are as set out below:

1. To provide independent assurance of the adequacy of the risk management framework and the associated control environment;
2. To provide independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment;
3. Considers the annual budget for the internal audit service as part of the Council's budget setting process; and
4. To oversee the financial reporting process.

Audit Activity

1. Considering the Internal Audit Manager's annual report and opinion and a summary of internal audit activity (actual and proposed), and the level of assurance it can give over the Council's corporate governance arrangements.
2. Considering reports on the operation of internal audit and summaries of specific internal audit reports where requested.
3. Considering reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
4. Assessing external auditor and external regulatory reports and monitoring any quality improvement programmes where required. Comments are provided to Cabinet as appropriate.
5. Commenting on the scope and depth of external audit work and ensuring it gives value for money.
6. Liaising with the Audit Commission in regard to the appointment of the Council's external auditor.

Regulatory Framework

7. Reviewing significant issues referred by the Chief Executive, Cabinet or any Council Committee (subject to the availability of resources within the approved audit plan).
8. Monitoring the effective development and operation of risk management and corporate governance.
9. Monitoring Council policies on “Raising Concerns at Work”, the whistleblowing policy and the anti-fraud and corruption strategy.
10. Overseeing the production of the Code of Corporate Governance, including the Statement of Internal Control.
11. Considering the arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
12. Considering the Council’s compliance with its own and other published standards and controls (other than those covered by the Standards Committee).

Accounts

13. Reviewing and approving the annual statement of accounts.
14. Considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
15. Receiving the external auditor’s report to those charged with governance.