

Meeting: COUNCIL

Agenda Item:

Date: 25 JULY 2018

APPOINTMENT OF AN INDEPENDENT PERSON-AUDIT COMMITTEE

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1. PURPOSE

To appoint an 'Independent Person' in accordance with CIPFA best practice for the Audit Committee.

2. RECOMMENDATIONS

- 2.1 That Mr Geoff Gibbs be appointed as the Council's Independent Person for a term of four years, subject to satisfactory references.

3. BACKGROUND

- 3.1 Councillors will be aware that this Authority operates an Audit Committee, the committee's terms of reference reflect its responsibility to provide oversight of the authority's audit and governance arrangements.
- 3.2 Membership of the Audit Committee is agreed by Full Council. The Audit committee has one independent member in addition to those who are Councillors and that member has been in the role for over ten years.
- 3.3 In December 2013, the Chartered Institute of Public Finance and Accounting ('CIPFA') updated its practical guidance on Audit Committees for local authorities and the police. That guidance considers the various elements necessary to ensure that authorities have the benefit of an Audit Committee which is balanced, objective and independent of mind as well as comprehensively well-equipped to discharge its role.
- 3.4 While Audit Committees in Welsh local authorities and Police Audit Committees in both England and Wales are subject to specific rules on composition, there are currently no statutory requirements in place to dictate the composition of audit committees in England. The recommendations in the guidance are therefore a matter of best practice only.
- 3.5 The guidance emphasises the degree to which adopting a non political, Un-invested approach to meetings and discussions is necessary to ensure the success of the Committee. This emphasis on the independent mindedness of the Committee informs all of the best practice.

- 3.6 Some of the positive reasons for co-opting independents include the potential to import in additional knowledge and expertise as well as the reinforcement of the committee's independence and political neutrality. The CIPFA guidance warns however against over-reliance on the independents by other committee members and indeed notes that where independents do not have organisational knowledge or context then this may impact adversely on the usefulness of their contribution.
- 3.7 Best practice recommends that the independent Member is;
- appointed for a period of no more than four years.
 - not a councillor or officer of the council or have been so in the preceding five years prior to appointment.
 - not closely associated with anyone who is now, or has been in the last five years a Councillor or employee of Stevenage Borough Council
 - does not have significant business dealings with the council.
 - politically neutral.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 An advertisement was placed in the Comet and on the Council's website in June 2018 for this role. Four applications were received and two candidates were interviewed by a panel comprising of the Assistant Director Corporate Services and Transformation, Assistant Director Finance and Estates, supported by the Chair of the Audit Committee as an observer.
- 4.2 Both the candidates would have been suitable but the panel considered the experience of Mr Gibbs meant that he was the preferred candidate and recommended that Mr Gibbs be offered the position of Independent Person.
- 4.3 Mr Gibbs is well qualified for this role, a qualified accountant with considerable expertise and a breadth knowledge from working in all three sectors – public, commercial and third (voluntary/charitable). He has been Chair of the Finance, Audit and Risk Committee of a £10m national charity based in Stevenage for the last 3 years. A Deputy Chair (currently Interim Chair) of the Board of Trustees of this advocacy organisation.
- 4.4 Before this Mr Gibbs was Deputy Chair for nine years of a £45m industrial and provident society provider based in Welwyn Garden City covering Herts, Essex and Beds. serving the maximum term of office for a trustee and in that time was Chair of all four Committees including Finance and Audit

5. IMPLICATIONS

5.1. Financial Implications

5.1.1 The Members' Allowances Scheme includes provision of an allowance of £1,299 to the Independent Person. This is paid on a monthly basis pro-rata.

5.2. Legal Implications

5.2.1 This appointment is in accordance with the best practice.

5.3 Equalities Impact Assessment

5.3.1 The independent Member does not have the right to vote but is seen as a positive impact for the Audit Committee. The Committee is an advisory body only and as such no adverse Equalities impacts have been identified. The appointment is subject to satisfactory references.

5.3.2 The recruitment process was an open and transparent process with adverts placed in the Comet and on the Council's website.

BACKGROUND DOCUMENTS

None

APPENDICES

None