



## **Audit Committee**

**20 May 2024**

### **Appointment of Co-opted Independent Members to the Audit Committee**

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## **Report of Paul Darby, Corporate Director of Resources**

### **Electoral division(s) affected:**

None.

### **Purpose of the Report**

- 1 To update the Audit Committee on the recruitment of co-opted Independent Members to the Audit Committee, to seek agreement to increase the Audit Committee Co-opted Audit membership from two to three members and to make recommendations to Council for the appointment to these roles for a three year period from 1 May 2024.

### **Executive summary**

- 2 Durham County Council's Audit Committee has co-opted Independent Members who are appointed in accordance with CIPFA's Position Statement: Audit Committee's in Local Authorities and Police 2022, which recommends that the audit committees of local authorities should include at least two co-opted members to provide appropriate technical expertise. The existing two Independent Persons were appointed in accordance with authority granted by Full Council on 31 October 2018 and their term was subsequently extended until 30 April 2023.
- 3 At its meeting on 18 October 2023, Council approved to further extend the term of office of the two current co-opted Audit Committee members until 30 April 2024, with agreement that a recruitment exercise would be undertaken prior to that date to secure co-opted members from 1 May 2024 onwards.
- 4 The existing appointees were free to re-apply for these roles in open competition with any other applicants and Council also agreed for the term of office for the new co-operated Audit Committee members to be for a fixed term of three years.

- 5 This report summarises the outcome of the recruitment exercise that has been undertaken and the recommendations to be presented to Council at its meeting on 24 May 2024.
- 6 The report proposes that the Audit Committee increases the co-opted membership from two to three members and that the Audit Committee recommend to full Council the reappointment of Clive Robinson and Ian Rudd and the appoint of Francis Barnish as a new co-opted Independent Member to the Audit Committee with effect from 01 May 2024 for a fixed term of three years.

## **Recommendation**

- 7 The Audit Committee are asked to:
  - (a) note the recruitment process undertaken for co-opted Independent Members;
  - (b) agree to increase the Audit Committee Co-opted Independent membership from two to three members; and
  - (c) recommend to full Council the reappointment of Clive Robinson and Ian Rudd and also to appoint Francis Barnish as a new co-opted Independent Member to the Audit Committee with effect from 1 May 2024 for a fixed term of three years.

## Background

- 8 CIPFA's Position Statement: Audit Committee's in Local Authorities and Police 2022 recommends that the audit committees of local authorities should include at least two co-opted members to provide appropriate technical expertise. The council meets this requirement and currently has two Independent Co-opted Members appointed to its Audit Committee.
- 9 The role, membership and terms of reference of the Audit Committee are set out within the Constitution, which is approved by Council.
- 10 Good corporate governance requires independent and effective assurance processes, underpinned by robust risk management arrangements, to be in place to ensure effective financial management and reporting in order to achieve the Council's corporate and service objectives. It is the responsibility of the Audit Committee to oversee that these arrangements are in place and operating effectively.
- 11 The specific objectives of the Audit Committee, as set out in the Council's Constitution are to provide independent assurance to Cabinet and Full Council over the:
  - Adequacy and effectiveness of the Council's governance arrangements, including the effectiveness of the risk management framework and the associated control environment.
  - Financial Reporting of the Council's Statement of Accounts ensuring that any issues arising from the process of finalising, auditing and certifying the Council accounts are dealt with properly.
- 12 The existing two Independent Co-opted Members of the Audit Committee were appointed in accordance with authority granted by Full Council on 31 October 2018 and their term was subsequently extended until 30 April 2023.
- 13 As part of the review of the constitution in 2023 it was not picked up that the tenure of the two co-opted members had expired, with both continuing to attend meetings of the Audit Committee and making positive contributions to the discussions held.
- 14 On 18 October 2023, Council considered a report, which set out the proposal to extend the term of office of the current co-opted Audit Committee members until 30 April 2024 for a fixed term of 3 years, with agreement that a recruitment exercise would be

undertaken prior to that date to secure co-opted members from 1 May 2024 onwards.

## Recruitment Process

15 Council approved the following indicative recruitment timetable:

Recruitment Stage	Timescale
Positions Advertised	Monday 15 January 2024
Deadline for applications	Friday 23 February 2024
Interviews to be held	w/c 18 March 2024
Member Induction	April 2024
Audit Committee	Monday 20 May 2024
Appointments Confirmed by Council	Wednesday 22 May 2024

- 16 The roles were advertised on the Council's website on 15 January 2024 and were also promoted on the Council's social media pages. Five applications were received and the Panel (consisting of the Chair and Vice Chair of the Audit Committee supported by the Chief Internal Auditor and Corporate Fraud Manager) decided to shortlist all five candidates. Interviews took place on 20 and 26 March 2024. A copy of the role profile and person specification are attached at Appendix 2 for information.
- 17 The candidates were asked a series of questions to test their suitability for the role against the criteria set out in the person specification.
- 18 The Panel decided to recommend Clive Robinson and Ian Rudd for reappointment, and to also recommend that a third Co-opted Independent member be appointed, Francis Barnish thus increasing the Co-opted Audit Committee membership from two to three members. All three candidates demonstrated that they met the criteria for the role and had a good understanding and an enthusiasm to support the Audit Committee.
- 19 Subject to Council approving their appointment, the co-opted Independent Members will be appointed for a fixed three-year term commencing on 1 May 2024.
- 20 Once appointed, arrangements will be made for the induction and relevant Audit Committee training to be provided. **Background papers**
- Report of the Audit Committee for the Period September 2022 to August 2023 – County Council 18 October 2023.

**Other useful documents**

- None

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## **Appendix 1 - Implications**

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### **Legal Implications**

None. The council's arrangements satisfy CIPFA's Position Statement: Audit Committee's in Local Authorities and Police 2022, which recommends that the audit committees of local authorities should include at least two co-opted members to provide appropriate technical expertise. .

### **Finance**

The role of Co-opted Independent Audit Committee Members is not remunerated. However, the Council will reimburse reasonably incurred travel and subsistence expenses. Where appropriate, the Council will pay for the Independent Persons to attend training. These costs are met from the Legal and Democratic Services budget.

### **Consultation**

On 18 October 2023 Full Council considered a report which set out proposals to conduct a recruitment process to appoint Independent Co-opted members to the Audit Committee for a period of three years from 1 May 2024. The Chair and Vice Chair of the Audit Committee participated in the recruitment process, including shortlisting and the subsequent interview process, alongside the Head of Internal Audit and Corporate Fraud Manager.

### **Equality and Diversity / Public Sector Equality Duty**

The recruitment exercise was conducted in accordance with the Council's recruitment arrangements in relation to equality and diversity to ensure fairness.

### **Climate Change**

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

**Risk**

The proposals in this report seek to extend the Co-opted Independent Membership of the Audit Committee to three, which will further strengthen the Councils already strong arrangements through its Audit Committee.

**Procurement**

None.

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## **Appendix 2 – Co-opted Independent Audit Committee Member Role Profile & Person Specification**

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### **Independent Audit Committee Member**

#### **Role Description and Person Specification**

##### **About the Audit Committee**

Durham County Council's Audit Committee provides challenge and assurance on the Council's control environment, mainly focusing on risk, control, governance, and financial issues, to support the council in ensuring that it is well managed and able to deliver its priorities.

##### **Main duties and responsibilities**

To be one of the co-opted members (non-voting) of the Authority's Audit Committee to serve alongside the 9 elected County Councillors to assist the Council in maintaining high standards of corporate governance.

The Audit Committee has the following functions:-

The Audit Committee considers and approves the Annual Statement of Account and is an advisory committee to the Council and the Executive (Cabinet) on audit and governance issues in order to provide independent assurance over the adequacy of the Council's risk management framework and associated control environment. In particular the Audit Committee will:

- Consider and comment on reports from the External Auditor and consider the External Audit Annual Management Letter and reports.
- Consider and comment on the council's annual Final accounts in accordance with accounting policies and codes of practice.
- Consider and comment on the Annual Governance Statement and recommend it for signature by the Chief Executive and the Leader of the Council for publication in the Statement of Accounts



- Consider and comment on reports from the Head of Internal Audit on internal audit reviews undertaken in accordance with the Annual Audit Plan.
- Consider any significant issues arising from external or internal audit work.
- Consider and comment on the annual internal audit strategy, audit charter and the annual audit plan.
- Consider and comment on the Head of Internal Audit's annual report and assurance opinion and a summary of internal audit activity, together with the level of assurance provided over the Council's corporate governance arrangements.
- Monitor and comment on the effective development and operation of risk management policy in the Council.
- Monitor and comment on the Council's arrangements to protect the Council from fraud, bribery and corruption, including the review of the Counter Fraud and Corruption Strategy, the Fraud Response Plan and Corporate Fraud Sanctions policy and the Confidential Reporting (Whistle Blowing) Policy.
- Monitor and comment on the report of the Corporate Director of Resources detailing the Counter Fraud work completed annually in order to protect the public purse.
- Consider and comment on reports from the Corporate Director of Regeneration, Economy and Growth which provided an update on health, safety and wellbeing performance.
- Review the Treasury Management Policy and Strategy and make recommendations on risk control measures.
- Any other audit and assurance related responsibilities as may from time to time be allocated.

## **Commitment**

The Audit Committee usually meets 5/6 times a year in February, May, June, July, Sept and November.

Meetings are held in person at County Hall located in Durham City and last around 2 and half hours. Candidates should have the time and commitment to prepare for and attend meetings during normal working hours, as well as attend any appropriate training sessions.

## **Person specification**

### **Experience**

You will be a person who has experience of working in a medium / large organisation at a senior level or other experience which would give similar benefits.

Financial management experience (accountancy, audit or management of a large budget) would be advantageous.

### **Skills**

You will have:

- an ability to understand complex issues and the importance of accountability and probity in public life
- an ability to analyse and question written and verbal reports on financial, audit and risk management activities
- an understanding of the need for independence of audit from daily management responsibilities
- an ability to demonstrate integrity and discretion
- effective interpersonal skills
- be able to maintain strictest confidentiality of sensitive information

### **Knowledge**

All members of the Audit Committee should have, or should acquire as soon as possible after appointment:

- an understanding of the objectives and key activities of the Council and current major initiatives and significant issues for the Council
- an understanding of the Council's structures and responsibilities, including key relationships with partners, businesses and organisations
- an understanding of the Council's culture
- an understanding of any relevant legislation or other rules governing the Council
- an understanding of corporate governance arrangements in place across the Council
- an understanding of the governance environment generally
- an understanding of risk management and internal control

## **Other**

You must:

agree to sign up to the Council's Code of Conduct which sets out the standards of behaviour expected of Councillors, including confidentiality agreements which Co-opted Members will be expected to abide by.

A connection to Durham County Council is also desirable i.e., you live in the County, work in the County, or have other recognisable ties to the area.

### **Co-opted(non voting members) members must not:**

- be a Councillor or officer of the Council or have been so in the preceding five years prior to appointment.
- be related to, or a close friend of, any Councillor or officer of Durham County Council.
- have any criminal convictions. The Council has the right to DBS check any independent committee members.
- be an undischarged bankrupt.
- have significant business dealings with the Council.
- have a formal connection with any political group.
- have a proven history of vexatious and/or frivolous complaints against Durham County Council.
- be the holder of a significant office in an organisation being grant aided/supported by Durham County Council.
- have had any significant business dealings with the council.

## **Remuneration**

This role is not remunerated.

Travelling and subsistence expenses will be paid in respect of attendance at meetings and training will be provided.