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To	Council
Date	Thursday, 30 November 2023
Lead Members	Chair of the Audit Committee; and Deputy Leader & Portfolio Holder for Finance, Governance and Organisation

Key Decision Required	No
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Subject	Appointment of an Independent Member to the Audit Committee
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Recommendations
<p>That the following applicant be appointed as Independent Member to the Audit Committee for a term of office of four years, subject to an annual review:</p> <ul style="list-style-type: none"> • Mr Tommy Hyun.
Reasons for Recommendations
<p>The appointment of an Independent Member will provide increased skills and experience and confidence that the Audit Committee continues to follow best practice, as set out by the Chartered Institute of Public Finance & Accountancy (CIPFA) in their Practical Guidance for Local Authorities 2018.</p>
Executive Summary
<p>The appointment of an Independent Member with appropriate skills and experience to supplement those of the elected Members will help enhance the effectiveness of the Audit Committee.</p> <p>A recruitment process was undertaken in September 2023, during which shortlisting and interviews were conducted by the Managing Director, Chief Finance Officer, the Chair of the Audit Committee and the Deputy Leader and Executive Member for Finance, Governance and Organisation.</p>

The Council is therefore recommended to approve the appointment of Mr Tommy Hyun for a four-year term, subject to an annual review. Further details about Mr Hyun's experience and background are provided within Annex 1 to this report.

The Independent Member is required to participate in the training provided to all Audit Committee members.

The above recommendations are subject to approval by Full Council.

Statutory Powers

1. The functions of the Audit Committee are set out in the Council's Constitution, in line with the Local Government Act 2000 as amended by the Localism Act 2011 and the Local Audit and Accountability Act 2014 and the Local Audit and Accounts Regulation 2015.

Background

2. The Council wishes to follow CIPFA best practice, which advises that the Audit Committee should appoint an Independent Member.
3. An Independent Member was previously appointed at Full Council on 23 September 2021; they resigned from the role on 27 February 2023.
4. An advertisement to recruit a new Independent Member was published in summer 2023 and three candidates were shortlisted for interview.
5. Following the interviews Mr Tommy Hyun was offered the position, pending approval by Full Council.

Key Information

Role description

6. The Independent Member is expected to:
 - (i) To monitor the effective development and operation of risk management and corporate governance in the Council.
 - (ii) To monitor the anti-fraud strategy and policies, actions and resources.
 - (iii) To review the Council's Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
 - (iv) To approve the risk-based internal audit plan.
 - (v) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
 - (vi) To review and approve the annual statement of accounts.

Person specification

7. The essential qualities for candidates are that they:

- (i) Have experience of working in a medium / large organisation at a senior level or have experience which demonstrates equivalent capabilities.
- (ii) Have experience of how local government operates. For example, through being an employee, advisor, auditor, partner or equivalent.
- (iii) Accountancy, audit and/or risk management experience is essential.
- (iv) Have the ability to understand the financial statements of the authority and the external auditor's reports.
- (v) To be able to understand complex governance and probity matters and be aware of the importance of accountability and probity in public life.
- (vi) To can analyse and question written and verbal reports on audit and risk management activities.
- (vii) Have a strong understanding of the need for independence of audit from daily management responsibilities.
- (viii) They must agree to abide by the provisions of the Members' Code of Conduct while serving on the Committee.

Recruitment process

- 8. The Independent Member is recruited by public advertisement and should be of good standing in the community.
- 9. The recruitment Panel sought candidates with proven accountancy and audit/risk management experience and a good understanding of complex governance/probity matters in a local government context.
- 10. To maintain independence, political appointments and appointments which are made through friendship or any other personal association of any members of the council must be avoided in making this appointment.
- 11. Following public advertisement throughout August 2023, interviews were held during the week commencing 18 September and Mr Tommy Hyun was considered suitable for recommendation for appointment by Full Council.
- 12. Further details about Mr Hyun's experience and background are provided within Annex 1 to this report.

Options

- 13. **Option 1 (recommended)** – to appoint Mr Tommy Hyun. This candidate is considered by the appointing Panel to have the necessary experience to perform the role effectively.
- 14. **Option 2 (not recommended)** – to not appoint Mr Tommy Hyun as the Independent Member to the Audit Committee. This is not recommended, as Mr Hyun was selected following a robust recruitment process. Rejection of his appointment would require a

further section process to be undertaken and delay bringing on board an Independent Member with the required experience to the Committee .

Legal Implications

15. The terms of reference of the Council's Audit Committee are set out under Part 3a (Council functions) of the Council's Constitution and its purpose is to give assurance to elected members and the public about the governance, financial reporting and performance of the Council.
16. The appointment of the Independent Member on the committee will assist and promote good governance and scrutiny of the committee.

Financial Implications

17. A fee of £690 per annum will be paid to the Independent Member of the Audit Committee per annum, inclusive of travel costs when on Council business both inside and outside the borough.
18. The fee for the Independent Member is funded from the Members Allowances budget. There is sufficient funding within the budget for these costs.

Risk implications

19. Although legislation does not require audit committees, a council is required "to ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions".
20. Further, section 151 of the Local Government Act 1972 requires the council to "make arrangements for the proper administration of its financial affairs".
21. CIPFA guidance recommends appointing an Independent Member to sit on the Audit Committee, to provide Independent challenge to, and assurance over, the Authority's internal control framework and wider governance processes. An independent expert is therefore expected to contribute positively to the financial risk management arrangements of the local authority.

Consultation

22. The Managing Director, Chief Officer, Chair of the Audit Committee and the Deputy Leader and Executive Member for Finance, Governance and Organisation were consulted during the review of the job description and person specification.

Background Papers

There are no background papers to consider.