



**Finance, Resources, Audit and Governance Committee
20 January 2023**

FRAG Committee – Independent Persons

Report Author(s): Faye Haywood
Head of Internal Audit
01508 533873
faye.haywood@southnorfolkandbroadland.gov.uk

Portfolio: Resources

Ward(s) Affected: All

Purpose of the Report:

This report outlines the proposal for appointing Independent Person's to the FRAG Committee.

Recommendation:

The Committee to discuss the report and if deemed necessary and appropriate, recommend to Cabinet and Council that steps are taken to appoint an Independent Person to the FRAG Committee.

1. Summary

- 1.1 This report outlines the proposal for appointing Independent Person's to the FRAG Committee.

2. Background

- 2.1 The FRAG Committee discussed the merits of appointing an independent person in 2019. Members confirmed that they felt there were benefits to be gained from having an independent person on the Committee, but it was not felt necessary to progress this at the time.

- 2.2 Since this discussion, the latest guidance from CIPFA (CIPFA position statement 2022 Audit Committees in Local Authorities and Police) has been updated to stipulate the following *'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'*.

The position statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting, and internal audit.

- 2.3 In addition to the above amendment to recognised guidance, in June 2022 the government announced plans to make it a statutory requirement for Audit Committees to appoint independent, non-voting persons to the committee. No subsequent announcements have been made so it is at this stage unclear how assurance over conformance will be obtained.

3. Current position

- 3.1 A total of two other district Councils in Norfolk have so far appointed independent persons to their Audit Committee. Breckland Council have had provision for an independent member for some time and have recently appointed a new independent person following the previous incumbent completing an extended term of just over four years.
- 3.2 Norwich City Council have also recently appointed an independent person.
- 3.3 Both Committees have reported that they have found the support from the independent person to be invaluable.
- 3.4 Both Councils offer a modest committee attendance allowance, together with reimbursement for travelling and subsistence expenses.

- 3.5 Independent persons would be interviewed and appointed based on their ability to fulfil a person specification covering the Committee's requirements. This would involve ensuring that any individuals interviewed and subsequently appointed have the necessary skills and objectivity to carry out the role. An ideal appointment would be an individual that complements and enhances the skills and experience of the Committee.
- 3.6 The role requires interested individuals to have not been connected with the Council either as a previous employee or Councillor within the last 5 years, or have any significant family ties with the Council that would cause a conflict in terms of remaining independent and objective.

4. Proposed action

- 4.1 It is recommended that the Committee discusses the merit of appointing an independent person. This would be seen as a proactive action to ensure that the Committee is acting in accordance with the latest best practice from CIPFA and anticipating the potential for this to be a statutory requirement by the Government as part of local government audit reform.
- 4.2 If a decision is made to appoint an Independent Person/s this must be discussed with Cabinet and approved by Council as this represents a structural change to the Committee.
- 4.3 If approval by Council is given, a person specification can then be advertised locally.
- 4.4 Once candidates have had an opportunity to express an interest, it is advised that an interview panel is set up comprising of members, with support from officers. Our proposal would be:
- Interview Panel – Chair of FRAG Committee with Portfolio Holder.
 - Advisors – Emma Hodds – Monitoring Officer South Norfolk Council.
Faye Haywood – Head of Internal Audit South Norfolk Council.
- 4.5 It is suggested that Independent Persons would be appointed for a term of four years. Following this term, the FRAG Committee could consider making a recommendation to Council regarding re-appointment.

5. Issues and Risks

- 5.1 The Council, may be unable to attract suitable individuals to this post due to the commitment required and timings of FRAG meetings and or, competition from other Local Authorities who may be seeking similar skills and experience from a limited number of individuals locally. This will result in FRAG not being able to benefit from effective arrangements that demonstrate best practice or benefit from

the experience/skills and independence that a post holder of this nature could offer.

- 5.2 **Resource implications** – Independent individuals would be modestly remunerated and reimbursed for travel and subsistence expenses. These costs are expected to be minimal.
- 5.2 **Legal implications** – there are no legal implications arising from this report.
- 5.3 **Equality implications** – The Committee should consider whether candidates put forward for appointment could enhance the diversity of the FRAG Committee, thus strengthening governance arrangements.
- 5.4 **Environmental impact** – there are no impacts on the environment arising from this report.
- 5.5 **Crime and disorder** – there are no impacts upon crime and disorder arising from this report.

6. **Conclusion**

- 6.1 CIPFA has published strengthened guidance on audit committees emphasising the role that audit committees should have in ensuring accounts are prepared to a high standard, alongside broader changes including appointment of independent members. The government is considering making the guidance, committees, and the independent member requirements statutory. This report has therefore been produced to facilitate a discussion with FRAG on whether the Council should seek to appoint suitable independent individual/s to FRAG Committee.

7. **Recommendations**

- 7.1 The Committee to discuss the report and if deemed necessary and appropriate, recommend to Cabinet and Council that steps are taken to appoint an Independent Person to the FRAG Committee.

Background papers

None