

Part I  
Item No:  
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Executive Member: Various  
All Wards

WELWYN HATFIELD BOROUGH COUNCIL  
COUNCIL – 7 MARCH 2023  
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE & TRANSFORMATION)

CIPFA POSITION STATEMENT AND AUDIT COMMITTEE GUIDANCE 2022

**1 Executive Summary**

- 1.1 In October 2022, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance on the role, responsibilities and membership of council Audit Committees, following on from a position statement published earlier in the year.
- 1.2 This guidance is considered a useful reference guide for an audit committee member wanting to develop greater understanding of the committee's role, and identifies the underpinning legislation, regulations, guidance or resources that the committee should be referencing in its operations.
- 1.3 As this guide is a paid publication it cannot be published as part of the committee papers, but will be circulated separately to members of the Audit Committee in the new municipal year, as part of the Council's paid subscription to CIPFA's publication service.
- 1.4 This report makes recommendations to align the activities and membership of the Audit Committee to the Position Statement and Guidance.
- 1.5 The Constitution Review Group met on 23 February and unanimously agreed to recommend the changes to Council.

**2 Recommendation(s)**

- 2.1 That the Council approve the amendment of the roles and responsibilities of the Audit Committee, to align to the CIPFA position statement and guidance on the roles and responsibilities of the Audit Committee, for adoption in time for the 2023/24 municipal year.
- 2.2 That Council approve that:
  - 2.2.1 an independent member be appointed to the Audit Committee;
  - 2.2.2 Officers proceed to advertise and seek applications for independent members of the committee to be appointed by an officer panel; and
  - 2.2.3 The Executive Director (Finance and Transformation) be authorised to determine the payments to be made to the independent person taking account of the payment indicated in the financial implications below.

### **3 Background**

- 3.1 In October 2022, CIPFA issued guidance on the role, responsibilities and membership of council Audit Committees, following on from a position statement published earlier in the year.
- 3.2 This is in response to various matters including the Redmond Review on audit and the widening role of some Audit Committees in other Councils.
- 3.3 The guidance, and position statement seek to keep the scope of the Audit Committee focused on the key activities of independent assessments of the adequacy of the council's governance, risk and control arrangements.
- 3.4 It also seeks to address some of the recommendations of the Redmond Review, and the inclusion of independent members co-opted to the Audit Committee. This is not yet a legislative requirement, but it would be considered prudent to adopt the position statement and guidance in advance of forthcoming legislation, which the Government is likely to introduce following the Redmond Review.
- 3.5 It is recommended that the roles and responsibilities of the Audit Committee be updated in the Councils constitution, to mirror the aims and objectives outlined in the CIPFA position statement.
- 3.6 Whilst the CIPFA guidance suggests at least two are appointed, it is recognised that this may be challenging to achieve, and it is unclear at this stage whether, if the Government legislate such a requirement, whether this will be for one independent co-opted member, or two as in the CIPFA position statement. In recognition of this it is recommended that the Council seek to co-opt at least one independent member to the Audit Committee whilst we await the legislation.
- 3.7 CIPFA's recommendation is that a committee size of no more than eight members should be established. This allows sufficient breadth of experience but is small enough to allow the training and development of a dedicated group. For these reasons it has been recommended that the committee be made up of five Council Members (politically proportionate), and at least one independent co-opted member.
- 3.8 Applications will be assessed based upon the understanding and experience of governance, audit, risk and finance, the key areas for which the committee has responsibility for oversight.
- 3.9 The panel considering applicants will be made up of the Chief Executive, the Executive Director (Finance and Transformation) and the Assistant Director (Legal and Governance). It is recognised this may be a challenging position to fill so processes will need to be as simple as possible for candidates to put themselves forward and the approach will be determined by the Executive Director (Finance and Transformation).
- 3.10 These recommendations will ensure that the required changes can be implemented in readiness for the 2023/24 municipal year. Once the appointments to the Audit Committee are made for the 2023/24 municipal year, training will be arranged for the committee to ensure members fully understand their roles and responsibilities as a member of the committee.

## **Implications**

### **4 Legal Implication(s)**

- 4.1 The Accounts and Audit Regulations 2015 require that “[a] relevant authority must ensure that it has a sound system of internal control.
- 4.2 Once appointed, the independent person shall have voting rights on the Audit Committee.

### **5 Financial Implication(s)**

- 5.1 There may be costs associated with training requirements for the committee, which will be considered as part of the wider member development programme.
- 5.2 There will be a cost associated with attracting and retaining co-opted independent members, and the recommended remuneration of these is between £150 and £200 per Audit Committee meeting attended, to be delegated and determined by the Executive Director (Finance and Transformation).

### **6 Human Resources Implication(s)**

- 6.1 There are no direct Human Resources implications arising from this report.

### **7 Risk Management Implications**

- 7.1 This report seeks to align the Committee roles, responsibilities and membership to the CIPFA position statement and guidance. Failure to do so could create risks that the Council is not considering best practice in the oversight on the adequacy of governance, risk and control arrangements.

### **8 Security & Terrorism Implication(s)**

- 8.1 There are no direct security & terrorism implications arising as a result of this report.

### **9 Procurement Implication(s)**

- 9.1 There are no direct procurement implications arising as a result of this report.

### **10 Climate Change Implication(s)**

- 10.1 There are no climate change implications arising as a result of this report.

### **11 Link to Corporate Priorities**

- 11.1 The subject of this report is linked to the efficient delivery of all of the Council’s Corporate Priorities.

### **12 Equality and Diversity**

- 12.1 An Equalities Impact Assessment (EqIA) was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies which would place impacts on protected groups.

### **13 Communication and Engagement**

13.1 Training will be provided to officers and members to ensure the roles and responsibilities are understood, supplemented by specific training identified through the training needs assessment at the start of the new municipal year.

### **14 Health and Wellbeing**

14.1 There are no direct health and wellbeing arising as a result of this report

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Appendix 1 - Current Roles and Responsibilities  
Appendix 2 - Proposed Roles and Responsibilities  
Appendix 3 - CIPA Position Statement