

Report to: AUDIT COMMITTEE

Report of: Assistant Director, Audit & Risk Management

Date of Meeting: 20 October 2020

Subject: Independent Advisor to the Audit Committee

Wards Affected: All

1. Purpose of Report

1.1. At the July Committee, Members agreed to develop proposals for an independent advisor(s) to supplement existing skills and abilities.

1.2. A suggested role description is attached as Appendix 1.

2. Recommendations

2.1. To review the attached Role Specification.

2.2. To agree the selection process.

3. Background

- 3.1 An Audit Committee Effectiveness Review was completed earlier this year and published in July 2020. The review reported that it was atypical for a modern audit committee to have no independent membership and noted that:

“There were differing views as to whether independent support is best provided in the form of an independent member, and independent chair or from more specialist support without requiring AC membership, such as by the appointment of an independent advisor who could join the AC for the pre-meeting to coach members what to consider “

- 3.2 The report went on to recommend
“Supplement the skills and independence of the AC through the appointment of an independent Chair, Member, or advisor. An advisor could attend the AC pre-meet to help coach and advise Members on key topics ahead and how best to approach discussions on areas of concern ahead of the AC meetings. “
- 3.3 The Committee gave feedback at the July Committee regarding the appointment of an independent advisor to the Committee. Building on those discussions, a role description is attached as Appendix 1
- 3.4 Feedback from Core City auditors has been sought where independent members are in place. There are no committees with an independent advisor although most have independent members / chairs. The feedback was that they offer valuable challenge and contributions.
- 3.5 Procurement of advisers will be carried out in accordance with the council's standing orders and procurement governance arrangements and approved under Chief Officer delegation.

Given the unique blend of skills and experience required of the Non-Executive Advisor, procurement is anticipated to be through a single contractor negotiation with the identified advisor. The contract will cover confidentiality arrangements

- 3.6 There will need to be a selection process to ensure that the Committee finds a suitable advisor. The Chair has been consulted and is keen that there is cross-party representation on the panel.

4. Legal and Resource Implications

- 4.1 The purpose and role of the Audit Committee's is set out within the Council's Constitution - Part B Roles, Functions and Rules of Procedure.
- 4.2 “Audit Committees - Practical Guidance for Local Authorities and Police 2018” – CIPFA represents best practice for audit committees in local authorities throughout the UK.

4.3 The financial implications of offering remuneration will be contained within the Finance & Governance budget.

5. Risk Management & Equality Impact Assessment Issues

5.1 Risk Management and Equality Analysis are important parts of the internal control framework. The Audit Committee require assurance on their effectiveness.

6. Compliance Issues

6.1 The Council policies, plans, and procedures set out the rules that govern the organisation. The Audit Committee require assurance that these are up to date and being applied on a consistent basis.

6.2 The advisor will be required to declare any conflicts of interest and abide by Council policies where relevant e.g. confidentiality.

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Person Specification – Independent Advisor to Audit Committee

<p>Experience</p>	<p>Working to high standard of behaviour, demonstrating honesty, probity and the highest level of integrity in conduct.</p> <p>Knowledge / experience in matters of an audit nature.</p> <p>Knowledge / experience of risk management, performance management and corporate and financial governance and controls.</p> <p>Experience gained working in or with a large, or public sector, organisation.</p> <p>Serving on a Committee or Board, preferably Audit Committees.</p>	<p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p>
<p>Skills</p>	<p>Ability to be objective, independent and impartial.</p> <p>Strong strategic awareness and ability to identify emerging external factors that may impact on strategy, implementation of plans, or reputation with key stakeholders.</p> <p>A good communicator with excellent leadership and interpersonal skills, able to both empower and challenge supportively.</p> <p>Digitally aware, with good IT skills and the ability to access reports, information and communication electronically.</p>	<p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p>
<p>Knowledge</p>	<p>Knowledge of the challenges facing Birmingham City Council and wider</p>	<p>Essential</p>

	<p>public services and understanding of its communities.</p> <p>Knowledge of the major functions of Birmingham City Council.</p> <p>Knowledge of the Birmingham City Council's vision and priorities.</p> <p>Understanding of the complexity of issues surrounding audit, finance and risk management in local government.</p> <p>Understanding of Committee procedures.</p> <p>Understanding of the role of internal and external audit.</p> <p>Awareness of the risks of fraud and the controls to limit fraud.</p>	<p>Desirable</p> <p>Desirable</p> <p>Desirable</p> <p>Desirable</p> <p>Desirable</p> <p>Desirable</p>
Other	<p>Qualified auditor/accountant</p> <p>Be over 18.</p> <p>Live in, work in or have close affinity to the area.</p> <p>Commitment to the needs of the local community.</p> <p>Affinity with the values of public service.</p> <p>Must have no personal, legal or contractual relationship with Birmingham City Council (including employees or members or former staff), or any other relationship / activity which might represent a conflict of interest.</p> <p>Able and willing to devote the necessary time to the role.</p> <p>Candidates should be able to demonstrate their political independence.</p>	<p>Desirable</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p> <p>Essential</p>