GOVERNANCE COMMITTEE SUPPLEMENTARY AGENDA

19 August 2026

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

7 RECRUITMENT AND APPOINTMENT OF AN INDEPENDENT PERSON ON AUDIT COMMITTEE (Pages 3 - 18)

Report and appendices attached.

Zena Smith
Head of Committee & Election Services

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GOVERNANCE COMMITTEE

Subject Heading:	**Appointment of an Independent Person to the Audit Committee**
ELT Lead:	Kathy Freeman, Strategic Director Resources
Report Author and contact details:	Maria Denton, Head of Assurance
Policy context:	This proposal supports the Council's Constitution, the Terms of Reference of both the Governance Committee and Audit Committee and contributes to the Council's wider commitment to good governance as reflected in the Annual Governance Statement and Local Code of Corporate Governance.
Financial summary:	The successful candidate will be entitled to any allowance approved by the Council for Independent Audit Committee Members. The financial impact of the appointment will be contained within existing governance budgets, subject to final determination of the allowance arrangements.

The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well (X)
Place - A great place to live, work and enjoy (X)
Resources - Enabling a resident-focused and resilient Council (X)

SUMMARY

To seek approval to appoint an independent person to the Audit Committee.

RECOMMENDATIONS

The Governance Committee is asked to approve:
(a) the proposed recruitment arrangements for an Independent Person of the Audit Committee, including the involvement of the Audit Committee Chair and Vice Chair in the interview process.
(b) The Chair and Vice-Chair of Governance Committee (or substitutes) be involved in the selection process. However, if the Chair and the Vice Chair of the Governance Committee are unable to attend the selection process, to delegate the recommendation relating to the appointment directly to the Chair of the Audit Committee.
(c) The recommendation for the appointment of the successful candidate to be appointed as the Independent Person on Audit Committee be referred to full Council.

REPORT DETAIL

1. Background

1.1 Audit Committees are a key component of corporate governance. They are a key source of assurance about the organisation’s arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.

1.2 Independent members with appropriate skills and experience supplement those of the elected members and improve the effectiveness of the Audit Committee.

1.3 The proposal reflects current CIPFA best practice guidance, supports the effectiveness and independence of the Audit Committee, and anticipates forthcoming legislative changes which are expected to strengthen requirements relating to independent membership of local authority audit committees.

2. Background

2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published its updated Position Statement on Audit Committees (2022), which recommends that local authority audit committees should include co-opted independent members to strengthen governance, enhance technical expertise and reinforce the committee's independence. CIPFA recommends that authorities appoint at least two independent members where legislation does not already require them.

2.2 CIPFA identifies several key benefits arising from the appointment of independent members, including:

- Supplementing the knowledge and experience of elected members in areas such as governance, finance, audit and risk management.
- Providing continuity outside of the political cycle.
- Supporting a non-political focus on governance, risk and control issues.
- Strengthening the effectiveness, resilience and credibility of the Audit Committee.

The inclusion of independent members is already a legislative requirement in certain sectors, including Combined Authorities in England and local authorities in Wales. CIPFA's guidance reflects a broader national direction of travel towards greater independence and enhanced audit committee arrangements.

3. Emerging Legislative Requirements

3.1 Government proposals for local audit reform include measures to strengthen audit committee arrangements and move towards a more consistent approach across the sector. MHCLG has indicated that further regulations will be issued in due course regarding independent audit committee members and associated governance arrangements.

3.2 While the detailed regulations have not yet been published, the Better Governance Forum at CIPFA has advised authorities to proceed using the existing Combined Authorities regulations as a guide to the recruitment and assessment of independence. The Combined Authorities framework provides a useful benchmark for assessing independence and ensuring transparency in appointment processes. Under these arrangements, independence is typically considered in relation to political activity, employment, contractual relationships and other connections that could compromise impartiality.

3.3 Acting now will position Havering to align with anticipated legislative requirements and demonstrate commitment to recognised good governance practices.

4. Proposed Recruitment Process

4.1 CIPFA's Better Governance Forum has advised that, with legislative changes anticipated, local authorities are likely to see increased competition in recruiting suitably qualified independent members. Early recruitment is therefore considered advantageous. Based on this advice the vacancy was advertised in July with a total of 14 applications received.

It is proposed that an interview panel comprise:

- Audit Committee Chair;
- Audit Committee Vice Chair; and
- Relevant senior officer(s), including the Monitoring Officer, Head of Assurance and/or Section 151 Officer (or their nominees).

Involvement of the Chair and Vice Chair reflects CIPFA best practice principles by ensuring that those responsible for leading the Audit Committee are directly involved in selecting a candidate with the appropriate skills, experience and independence to support the committee's work.

4.2 Their participation will also help ensure alignment between the committee's requirements and the expertise of the successful candidate, whilst maintaining a member-led appointment process. The Audit Committee have also already been provided with relevant training regarding their statutory responsibilities.

4.3 Under normal circumstances, appointments to committees and related positions are considered through the Council's annual appointments process. However, the recruitment of an Independent Audit Committee Member could not be incorporated within this year's annual appointments timetable due to the timing of the election period and the scheduling of the first meeting of the Audit Committee following those elections.

4.4 The proposed approach therefore provides an appropriate mechanism to progress the appointment outside the annual appointments cycle whilst ensuring robust governance and member involvement.

5. Conclusion

5.1 The appointment of an Independent Member represents an important opportunity to strengthen the effectiveness and independence of Havering's Audit Committee. The proposed recruitment process reflects CIPFA best practice, aligns with the direction of national audit reform, and will ensure that the Audit Committee's leadership is actively involved in selecting an appropriate candidate.

IMPLICATIONS AND RISKS

Financial implications and risks:

The successful candidate will be entitled to any allowance approved by the Council for Independent Audit Committee Members. The financial impact of the appointment will be contained within existing governance budgets, subject to final determination of the allowance arrangements.

Legal implications and risks:
The Governance Committee has responsibility under the Council's Constitution for interviewing candidates for independent member positions and making recommendations to Council regarding their appointment. The recommendations within this report are consistent with those constitutional responsibilities. The proposed involvement of the Audit Committee Chair and Vice Chair in the interview process would support, rather than replace, the Governance Committee's role in the appointment process. Audit Committee Members have been trained and inducted on the statutory role of the Audit Committee, therefore it is appropriate for the Audit Committee Chair and Vice Chair to be involved in the recruitment process and for the recommendation to be made to full Council.

The Council is seeking to align its arrangements with current CIPFA guidance and emerging national reforms relating to audit committees and independent membership. Whilst detailed regulations have not yet been issued by the Ministry of Housing, Communities and Local Government (MHCLG), the proposed approach is consistent with recognised sector best practice and is intended to support future compliance with anticipated legislative requirements.
There is a risk that failure to recruit an appropriately skilled and independent member may weaken the effectiveness of the Audit Committee and leave the Council less well positioned to respond to future legislative change.

Section 94 of the English Devolution and Community Empowerment Act 2026 inserted a new section (s.33A) into the Local Audit and Accountability Act 2014. The legislation requires relevant local authorities to have an audit committee and provides for regulations covering its membership. The new provisions require that at least one member of an audit committee is an independent person. The requirement will become compulsory on the commencement of regulations issued by the Secretary of State. The appointment reflects good practice since many local authorities have appoint independent persons for many years.

The functions of the Audit Committee are set out in the Local Audit and Accountability Act 2014, section 33A(3) and include:
(a) reviewing and scrutinising the authority's financial affairs,

(b) reviewing and assessing the authority's risk management, internal control and governance arrangements,

(c) reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the authority's functions, and

(d) making reports and recommendations to the authority in relation to reviews conducted under paragraphs (a), (b) and (c) above.

Human Resources implications and risks:
The recruitment exercise will be undertaken in accordance with the Council's recruitment and selection procedures and supported by Human Resources as required.
The involvement of the Audit Committee Chair and Vice Chair in the interview process does not create any employee-related implications as the appointment is for a co-opted independent member position rather than an employee role.
There is a risk that the pool of suitably qualified candidates may be limited, particularly given increasing demand for independent audit committee members across the local government sector. Early recruitment is therefore considered beneficial.

Equalities implications and risks:
The Council is committed to ensuring that recruitment processes are fair, transparent and accessible to all eligible applicants.
The vacancy will be advertised openly and appointments will be made based on merit, skills, knowledge and experience relevant to the role. No adverse equality impacts have been identified arising from the recommendations contained within this report.
The recruitment process will be conducted in accordance with the Council's Equality, Diversity and Inclusion policies and the requirements of the Equality Act 2010. Any reasonable adjustments required by applicants during the recruitment process will be considered and accommodated where appropriate.

Background papers:

CIPFA Position Statement 2022
Job Profile – Independent Person Audit Committee

CIPFA

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The 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.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

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.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.

- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.

- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.

- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.

- In relation to the authority's internal audit functions:

    - oversee its independence, objectivity, performance and conformance to professional standards

    - support effective arrangements for internal audit

    - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.

- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.

- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.

- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.

- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:

    - promoting apolitical open discussion

    - managing meetings to cover all business and encouraging a candid approach from all participants

    - maintaining the focus of the committee on matters of greatest priority.

- Willingness to operate in an apolitical manner.

- Unbiased attitudes – treating auditors, the executive and management fairly.

- The ability to challenge the executive and senior managers when required.

- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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Independent Member Audit Committee Job Profile

About Havering's Audit Committee

The Audit Committee is a key component of the London Borough of Havering's governance framework. Its purpose is to provide independent assurance on the adequacy and effectiveness of the Council's arrangements for risk management, internal control, financial reporting and corporate governance.

The Committee oversees both internal and external audit arrangements, ensuring the Council has robust systems of assurance and governance to support the delivery of its corporate objectives for Havering residents and businesses. The Audit Committee's responsibilities include oversight of risk management, internal audit, external audit, approval of the Statement of Accounts and monitoring fraud and corruption arrangements.

The Committee comprises six elected Members of the Council and is seeking to appoint up to two Independent Non-Voting Members to strengthen its expertise and capacity for effective scrutiny.

About the Role

Independent Members will bring an external perspective, professional expertise and constructive challenge to support the Audit Committee in carrying out its responsibilities.

Working alongside elected Members, senior officers and external auditors, Independent Members will help ensure the Committee exercises effective oversight of governance, risk management, internal control and financial stewardship.

This role would particularly suit individuals who wish to apply and further develop their professional knowledge within a complex public sector environment, while contributing to the effective governance of a large London local authority.

Person Specification

Essential Experience and Knowledge (S- Essential; D- Desirable)

Knowledge	- Corporate Governance arrangements in any of public, private or voluntary sectors (essential). - Key principles of enterprise risk management (desirable) - Professional qualifications in one or more of the following (desirable): - Business Management - Accountancy - Internal Audit - Risk Management	**S** **D** **D**
Skills	- Able to understand complex issues - Able to understand the importance of accountability, good governance, and probity in public life. - Ability to see and focus on strategic issues, using a knowledge of detail to support that focus rather than an end in itself. - Able to appreciate the reality of practical delivery and balance risk, reward and response. - Able to analyse and assess evidence to reach rational conclusions. - Able to demonstrate objectivity, integrity and discretion in decision making. - Effective interpersonal and communication skills. - Able to understand and contribute to the work and development of the Audit Committee.	**S**
Experience	- Working at (or with) large, complex organisations at a senior level. - Undertaken non-executive or Audit Committee roles. - Strategic management experience. - Specific experience in one or more of the following fields: - Financial Management - Internal Audit - External Audit - Risk Management	**S** **D** **D** **S**
Circumstances	Able to attend around four evening meetings per year in Romford, plus preparation time. Availability to attend periodic additional training for Committee Members.	

Term of Appointment

- Appointments are for an initial term of four years.

- Members may be reappointed for one further four-year term, subject to Council approval.

Allowance and Expenses

Independent Members will receive:

- An annual allowance of **£1,100** paid in monthly instalments.
- Reimbursement of reasonable travel and subsistence expenses in accordance with Council policy.

Time Commitment

The role requires:

- Attendance at approximately **four Audit Committee meetings per year**.
- Meetings are normally held in the evening and last approximately two hours.
- Meetings are held in person at:

Havering Town Hall
Main Road
Romford
RM1 3BB

In addition, Members should allow time for reading agenda papers in advance of meetings and may attend optional training and development sessions throughout the year.

The estimated annual commitment is approximately **10–15 days per year**, including preparation and development activities.

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