

Council, 27 March 2014

Appointment of an independent member to the Audit Committee

Executive summary and recommendations

### **Introduction**

At its meeting on 17 September 2013, the Council agreed the Code of Corporate Governance.

The composition of the Audit Committee was outlined as follows.

'2.2 The Audit Committee...shall comprise three members, appointed by the Council on such terms as it shall determine of which:

2.2.1 at least one member shall have recent, significant and relevant financial experience; and

2.2.2 at least two members shall be members of Council; and

2.2.3 at least one member shall not be a member of Council.'

The Committee currently consists of two members of Council: Richard Kennett (Chair) and Keith Ross.

An appointment process now needs to commence to appoint an independent member of the Audit Committee.

### **Process for appointing an independent member**

The process to appoint the independent member will take place in a similar manner to the recent process to appoint members of the Council. The process will be managed by the Secretariat Department.

As this is the appointment of a non-Council committee member, it is not necessary to seek the approval of the Professional Standards Authority. The Council will be invited to confirm the decision of the selection panel at its meeting in July 2013.

The selection panel will be as follows.

- Richard Kennett, Chair of the Audit Committee
- Anna van der Gaag, Chair of Council
- Independent (non HCPC) member

The following timetable is anticipated.

Action	Timetable
Advertisement	7 April 2014
Deadline for completed applications	9 May 2014
Shortlisting of applications	By 21 May 2014
Interviews	Week beginning 2 June 2014
Confirmation of decision of panel (following receipt of satisfactory references and subject to Council approval)	By 13 June 2014
Successful candidate attends Audit Committee meeting and training	24 June 2014
Formal approval of appointment by the Council	2 July 2014

### Core competencies

The core competencies required for this role are outlined in appendix 1. They have been adapted from the core competencies used for the appointment of Council members in the recent exercise. They have also been informed by a review of competencies used by similar organisations to appoint financially qualified members to their Audit Committees.

### Decision

The Council is invited to agree to commence the process to appoint an independent member of the Audit Committee.

The Council is further invited to discuss and agree the core competencies for the role as outlined in appendix 1.

### Background information

- Code of corporate governance  
<http://www.hcpc-uk.org/aboutus/council/codeofcorporategovernance/>

### **Resource implications**

- The resource implications include administering the appointment process and are accounted for in Secretariat Department planning for 2014-2015.

### **Financial implications**

- The financial implications include advertising costs and panel member costs. These implications are accounted for in the proposed budget for the Secretariat Department for 2014-2015.

### **Appendices**

Appendix 1: Core competencies for the Independent member of the Audit Committee

### **Date of paper**

17 March 2014

**Appendix 1: Core competences for the independent member of the Audit Committee**

<b>Competence</b>	<b>Evidence</b>
<b>Recent, significant and relevant financial experience</b>	<ul style="list-style-type: none"> <li>• You must demonstrate recent and significant financial experience, for example, in public practice or commerce, which is relevant to the role of the Audit Committee.</li> <li>• Understanding of the role of internal and external audit and risk management.</li> <li>• Membership of a relevant finance, accountancy or audit professional body or bodies is desirable.</li> </ul>
<b>Ability to contribute to strategic direction</b>	<ul style="list-style-type: none"> <li>• Understanding of the relationship between the purpose and values of an organisation and its strategic direction.</li> <li>• Knowledge and experience of strategic planning and delivery, with the ability to scrutinise performance data.</li> <li>• Experience of contributing to the achievement of objectives within time and resource constraints.</li> </ul>
<b>Ability to explore accountability of self and others</b>	<ul style="list-style-type: none"> <li>• Offer appropriate challenge to help achieve the best outcomes for the organisation.</li> <li>• Able to support the executive team whilst holding them to account for their performance.</li> <li>• Willingness to accept responsibility and to be held accountable for personal decisions and to accept shared responsibility for corporate decisions.</li> <li>• Experience of evaluating own and others' performance.</li> <li>• Ability to consistently hold the line on corporate decisions.</li> </ul>
<b>Awareness of equality and diversity issues</b>	<ul style="list-style-type: none"> <li>• Able to explore and work with values of respect, inclusion, fairness and transparency and what these might mean in a regulatory setting.</li> <li>• Awareness that equality and diversity issues are of key importance throughout any organisation.</li> </ul>

Competence	Evidence
<b>Ability to listen and communicate effectively</b>	<ul style="list-style-type: none"> <li>• Well developed listening skills.</li> <li>• Good communication skills and the ability to put views across clearly and sensitively in a variety of settings.</li> <li>• Awareness of, and acceptance, of diverse views.</li> </ul>
<b>Ability to work effectively as part of a team</b>	<ul style="list-style-type: none"> <li>• Experience of participating in group discussions.</li> <li>• Involving and including others in a decision making process to achieve the best outcome for an organisation.</li> <li>• Sharing expertise at the same time as being able to recognise expertise in others.</li> <li>• Ability to reflect on own behaviour and impact on others.</li> </ul>
<b>Understanding of the role of the HCPC</b>	<ul style="list-style-type: none"> <li>• Knowledge and understanding of the prime purpose of regulation - i.e. public protection</li> </ul>