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## **Audit and Risk Committee Annual Report 2015/16**

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### **Report by Chief Officer Audit & Risk**

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## **Audit and Risk Committee**

**28 June 2016**

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### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to provide members with the Audit and Risk Committee Annual Report 2015/16 which incorporates its annual self-assessment using the CIPFA Audit Committees Guidance.**
- 1.2 It is important that the Council's Audit and Risk Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance.
- 1.3 The CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2013 Edition (hereinafter referred to as CIPFA Audit Committees Guidance) includes the production of an annual report on the performance of the Audit and Risk Committee against its remit for submission to the Council. The Audit and Risk Committee Annual Report 2015/16 is appended to this report as Appendix 1 for consideration. This is the eighth such annual report and Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 1.4 The Audit and Risk Committee carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during the Informal Session on 9 May 2016 facilitated by the Chief Officer Audit & Risk. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration. The outcome of the self-assessments was a high degree of performance against the good practice principles though some areas of improvement were identified to enhance the effectiveness of the Committee.

### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Audit and Risk Committee:**
- a) Approves the Audit and Risk Committee Annual Report 2015/16 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and**
  - b) Agrees that the Audit and Risk Committee Annual Report 2015/16 should be presented to the Council at its next meeting on 25 August 2016 and then published on the Council's website.**

### **3 BACKGROUND**

- 3.1 It is important that the Council's Audit and Risk Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated guidance note Audit Committees Practical Guidance for Local Authorities and Police 2013 Edition (hereinafter referred to as CIPFA Audit Committees Guidance). It incorporates CIPFA's 2013 Position Statement: Audit Committees in Local Authorities and Police which sets out CIPFA's view of the role and functions of an Audit Committee.
- 3.3 The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit and Risk Committee against its remit for submission to the Council. The Audit and Risk Committee Annual Report 2015/16 is appended to this report as Appendix 1 for consideration. This is the eighth such annual report and Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 3.4 The Audit and Risk Committee carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during the Informal Session on 9 May 2016 facilitated by the Chief Officer Audit & Risk. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration.
- 3.5 The outcome of the self-assessments was a high degree of performance against the good practice principles. Improvements implemented in full during the year were that the Committee formally obtained feedback on its performance from those interacting with the Committee, and the Committee received assurances that lessons learned are being shared across programmes and projects.
- 3.6 Further steps will be taken to consider the business of the Committee during 2016/17 to fully implement the following improvement actions previously identified to enhance and fully demonstrate the effectiveness of the Committee:
  - Monitor compliance and outcomes of the Committee's recommendation to apply Gateway Review to major projects;
  - Enhance the Committee's review of the effectiveness of performance management arrangements; and
  - Improve the Committee's scrutiny of arrangements for ensuring value for money.

### **4 IMPLICATIONS**

#### **4.1 Financial**

There are no direct financial implications associated with this report.

#### **4.2 Risk and Mitigations**

- (a) The role of the Audit and Risk Committee includes the high level oversight of the effectiveness of the Council's systems of internal financial control, internal control and governance, including risk management.

- (b) There is a risk that the Audit and Risk Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body as a foundation for sound corporate governance. The completion of the annual self-assessment and identification and implementation of improvement actions as evidenced through this Annual Report will mitigate this risk.

**4.3 Equalities**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religious/belief arising from the work contained in this report.

**4.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report.

**4.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

**4.6 Rural Proofing**

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

**4.7 Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

**5 CONSULTATION**

5.1 The Corporate Management Team has been consulted on this report and any comments received have been taken into account.

5.2 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer HR, and the Clerk to the Council have been consulted on this report and any comments received have been taken into account.

**Approved by**

**Jill Stacey, Chief Officer Audit & Risk      Signature .....**

**Author(s)**

Name	Designation and Contact Number
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**Background Papers:**

**Previous Minute Reference:** Audit and Risk Committee 30 June 2015; Scottish Borders Council 27 August 2015

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. James Collin can also give information on other language translations as well as providing additional copies.

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