

Scottish Borders Council Audit and Risk Committee – self-assessment of Good Practice at 9 May 2016

Audit committee purpose and governance	Yes/Partly /No	Comments
Does the authority have a dedicated audit committee?	Yes	Scheme of Administration approved by the Council 1 January 2015 (amended 16 November 2015) includes the remit of the Audit and Risk Committee.
Does the audit committee report directly to full council?	Yes	Council approves Minute of each Audit and Risk Committee meeting.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement	Yes	Review has been completed by Chief Officer Audit & Risk against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 (CIPFA guidance 2013 'audit committees').
Is the role and purpose of the audit committee understood and accepted across the authority?	Yes	Scheme of Administration is published on the shared X:drive. References to Audit and Risk Committee role and reports are made to Senior Officers at Management Team meetings on a regular basis and to Corporate Management Team in advance of each Audit and Risk Committee meeting by Chief Officer Audit & Risk.
Does the audit committee provide support to the authority in meeting the requirements of good governance?	Yes	The Audit and Risk Committee is a key part of the Council's governance framework as outlined in the SBC Local Code of Corporate Governance approved by the Council 19 May 2016. The Audit and Risk Committee Annual Report is presented to and approved by the Council in August each year. SBC continues to be a lead authority in adopting this best practice. As part of its annual self-assessment 2015/16 the Audit and Risk Committee has identified improvements in respect of its scrutiny and challenge role and how it can add further value.
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes	The Audit and Risk Committee annually reviews its terms of reference as part of it carrying out an annual self assessment of performance against best practice checklists. The Audit and Risk Committee Annual Report is presented to the Council in August each year. It sets out the activities to enable stakeholders to understand how the Audit and Risk Committee has discharged its duties and identifies areas of improvement to fulfil its remit. SBC continues to be a lead authority in adopting this best practice.

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Functions of the committee	Yes/Partly/No	Comments
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		
• good governance	Yes	Included in remit nos. 1, 3, 10 & 11
• assurance framework	Yes	Included in all aspects of remit
• internal audit	Yes	Included in remit nos. 5, 6 & 7
• external audit	Yes	Included in remit nos. 8 & 9
• financial reporting	Yes	Included in remit nos. 4 & 12
• risk management	Yes	Included in remit no. 2
• Value for money or best value	Yes	Included in remit nos. 3 & 11 (implicit in 11 e.g. assurance of effective and efficient operations)
• Counter-fraud or corruption	Yes	Included in remit nos. 1 & 11

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Functions of the committee (cont'd)	Yes/Partly /No	Comments
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Yes	The Audit and Risk Committee annually reviews its terms of reference as part of it carrying out an annual self assessment of performance against best practice checklists.
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Yes	The Audit and Risk Committee reviews and monitors treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice (remit no. 10).
Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	The Assurance Framework and the Audit Cycle that define the programme of work for the Audit and Risk Committee are included in the Induction training pack along with Essential Questions for the Committee members to ask those charged with governance when considering the relevant reports as part of the Audit Cycle (under the three topics of Internal Control, Risk Management, and Governance).
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes	As reflected in Scheme of Administration through its membership and functions referred.

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Membership and support	Yes/Partly /No	Comments
Has an effective audit committee structure and composition of the committee been selected?	Yes	The membership of the Audit and Risk Committee comprises six elected members not on the Executive Committee (4 from the Administration and 2 from the Opposition) and three non-voting independent members appointed from an external source. The latter helps to enhance the robustness and independence of the Audit and Risk Committee's operations.
This should include:		There is an open recruitment and selection process to appoint external members of the Audit and Risk Committee outwith the cycle of local elections to facilitate continuity management of membership (Selection Committee; appointment for 3 years to October 2018).
<ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • where independent members are used, that they have been appointed using an appropriate process. 		
Does the chair of the committee have appropriate knowledge and skills?	Yes	Further to members' training, the chair of the Audit and Risk Committee meets regularly with the Chief Officer Audit & Risk including pre-meetings.
Are there arrangements in place to support the committee with briefings and training?	Yes	There is a standard Audit and Risk Committee induction programme including outline of Corporate Governance, role of Audit and Risk Committee, role of internal and external Audit, Assurance, and Audit Cycle. Informal Sessions involving internal and external audit usually prior to each Audit and Risk Committee meeting are used for the purpose of briefing and training to coincide with Audit Cycle.
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Yes	A formal assessment against the Knowledge and Skills Framework was carried out 19 January 2015 with conclusion of improving and satisfactory skills and knowledge. Induction materials were distributed for new members (one elected member and three external members) in November 2015 to complement their personal knowledge and experience relating to the financial and operational management and internal control of large organisations.
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Yes	Members, in particular the chair of the Audit and Risk Committee, utilise opportunities as required to keep in touch on a continuing basis with the key people involved in the Council's governance e.g. the Leader of the Council, the Chief Executive, the Chief Financial Officer, the External Auditor and the Chief Officer Audit & Risk.
Is adequate secretariat and administrative support to the committee provided?	Yes	A Committee Officer is assigned to the Audit and Risk Committee. There are six scheduled meetings of the committee each year – January, March, April/May, June, September and November – to coincide with Audit Cycle. Additional meetings can be arranged as required.

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Effectiveness of the committee	Yes/Partly /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Yes	<p>During the year the Audit and Risk Committee formally obtained feedback on its performance from a range of Service Directors who interacted with the committee on a periodic basis.</p> <p>The Audit and Risk Committee took part as a focus group within an Audit Scotland national study on Treasury Management whose findings are included in the report 'Borrowing and treasury management in Councils' published in March 2015.</p> <p>The Audit and Risk Committee Annual Report is presented to the Council in August each year. It sets out the activities to enable stakeholders to understand how the committee has discharged its duties and identifies areas of improvement to fulfil its remit. SBC continues to be a lead authority in adopting this best practice.</p>
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	<p>The Audit and Risk Committee carries out an annual self assessment of performance against best practice checklists. On 9 May 2016 as part of the Informal Session prior to the meeting it evaluated "Areas where the Audit Committee can add value by supporting improvement" using the toolkit 'Evaluating the Effectiveness of the Audit Committee' from the CIPFA guidance 2013 'audit committees'. Progress on implementation of previously identified areas of improvement was evaluated.</p> <p>The Audit and Risk Committee Annual Report is presented to the Council in August each year. It sets out the activities to enable stakeholders to understand how the audit committee has discharged its duties and identifies areas of improvement to fulfil its remit. SBC continues to be a lead authority in adopting this best practice. As part of its annual self-assessment 2015/16 the Audit and Risk Committee has confirmed improvements in respect of its scrutiny and challenge role and to further add value.</p>
Does the committee have an action plan to improve any areas of weakness?	Yes	<p>The Audit and Risk Committee Annual Report which is presented to the Council in August each year identifies areas of improvement to fulfil its remit and to further add value.</p>