

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2013 Edition

### Scottish Borders Council Audit and Scrutiny Committee – self-assessment of Good Practice at 15 January 2018

| Audit committee purpose and governance   | Yes/Partly<br>/No | Comments  |
|--|-------------------|---|
| Does the authority have a dedicated audit committee?   | Yes               | Scheme of Administration approved by the Council 7 November 2017 (amended 21 December 2017) includes the remit of the Audit and Scrutiny Committee.   |
| Does the audit committee report directly to full council?  | Yes               | Council approves Minute of each Audit and Scrutiny 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 Scrutiny 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 Scrutiny Committee meeting by Chief Officer Audit & Risk.   |
| Does the audit committee provide support to the authority in meeting the requirements of good governance?            | Yes               | <p>The Audit and Scrutiny 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 on 24 August 2017.</p> <p>The Audit and Scrutiny Committee Annual Report is presented to and approved by the Council each year. SBC continues to be a lead authority in adopting this best practice. As part of its annual self-assessment 2017/18 the Audit and Scrutiny Committee has provided evidence of improvements implemented during the year to enhance its scrutiny and challenge role.</p> |
| Are the arrangements to hold the committee to account for its performance operating satisfactorily?                  | Yes               | <p>The Audit and Scrutiny Committee annually reviews its terms of reference as part of it carrying out an annual self assessment of performance against best practice checklists.</p> <p>The Audit and Scrutiny Committee Annual Report is presented to the Council. It sets out the activities to enable stakeholders to understand how the Audit and Scrutiny 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>   |

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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? |                                  |   |
| <ul style="list-style-type: none"> <li>• good governance</li> </ul>   | <input type="text" value="Yes"/> | Included in Audit functions nos. 1, 3, 10 & 11  |
| <ul style="list-style-type: none"> <li>• assurance framework</li> </ul>   | <input type="text" value="Yes"/> | Included in all aspects of Audit functions  |
| <ul style="list-style-type: none"> <li>• internal audit</li> </ul>  | <input type="text" value="Yes"/> | Included in Audit functions nos. 5, 6 & 7   |
| <ul style="list-style-type: none"> <li>• external audit</li> </ul>  | <input type="text" value="Yes"/> | Included in Audit functions nos. 8 & 9  |
| <ul style="list-style-type: none"> <li>• financial reporting</li> </ul>   | <input type="text" value="Yes"/> | Included in Audit functions nos. 4 & 12   |
| <ul style="list-style-type: none"> <li>• risk management</li> </ul>   | <input type="text" value="Yes"/> | Included in Audit function no. 2  |
| <ul style="list-style-type: none"> <li>• Value for money or best value</li> </ul>                                     | <input type="text" value="Yes"/> | Included in Audit functions nos. 3 & 11 (implicit in 11 e.g. assurance of effective and efficient operations) |
| <ul style="list-style-type: none"> <li>• Counter-fraud or corruption</li> </ul>                                       | <input type="text" value="Yes"/> | Included in Audit functions nos. 1 & 11   |

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| Functions of the committee (cont'd)   | Yes/Partly<br>/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 Scrutiny 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 Scrutiny Committee reviews and monitors treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice (Audit function 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 Scrutiny 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<br>/No | Comments   |
|---|-------------------|--|
| <p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>• separation from the executive</li> <li>• an appropriate mix of knowledge and skills among the membership</li> <li>• a size of committee that is not unwieldy</li> <li>• where independent members are used, that they have been appointed using an appropriate process.</li> </ul> | Yes               | <p>The membership of the Audit and Scrutiny Committee comprises nine members of the Council not on the Executive Committee, and (for Audit matters part of the meetings) three non-voting additional members appointed from an external source. The latter helps to enhance the robustness and independence of the Audit and Scrutiny Committee's operations.</p> <p>There is an open recruitment and selection process to appoint external members of the Audit and Scrutiny Committee outwith the cycle of local elections to facilitate continuity management of membership (Selection Committee; appointment for 3 years to October 2018).</p> |
| <p>Does the chair of the committee have appropriate knowledge and skills?</p>   | Yes               | <p>Further to members' training, the chair of the Audit and Scrutiny Committee meets regularly with the Chief Officer Audit &amp; Risk including pre-meetings.</p>   |
| <p>Are there arrangements in place to support the committee with briefings and training?</p>  | Yes               | <p>There is a comprehensive Induction Programme for those appointed to the Audit and Scrutiny Committee including: Outline of Corporate Governance; role of the Audit and Scrutiny Committee; role of Internal and External Audit; Assurance Framework; and Audit Cycle. Informal Sessions involving Internal and External Auditors usually prior to each Audit and Scrutiny Committee meeting are used for the purpose of briefing and training to coincide with the Audit Cycle.</p>   |
| <p>Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>  | Yes               | <p>A formal assessment against the Knowledge and Skills Framework was carried out 15 January 2018 as part of the annual self-assessment with conclusion of satisfactory skills and knowledge.</p>  |
| <p>Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?</p>  | Yes               | <p>Members, in particular the chair of the Audit and Scrutiny Committee, utilise opportunities as required to meet 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 &amp; Risk.</p>   |
| <p>Is adequate secretariat and administrative support to the committee provided?</p>  | Yes               | <p>A Committee Officer is assigned to the Audit and Scrutiny Committee.</p>  |

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| Effectiveness of the committee   | Yes/Partly<br>/No | Comments  |
|--|-------------------|---|
| Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work? | Partly            | <p>As an improvement the Audit and Scrutiny Committee will obtain feedback on its performance from a range of Service Directors who interact with the Committee on a periodic basis.</p> <p>The Audit and Scrutiny Committee Annual Report is presented to the Council each year. It sets out the activities to enable stakeholders to understand how the Committee has discharged its duties. 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 Scrutiny Committee carries out an annual self assessment of performance against best practice checklists. On 15 January 2018 as part of the Informal Session prior to the meeting using the toolkit ‘Evaluating the Effectiveness of the Audit Committee’ from the CIPFA guidance 2013 ‘audit committees’, it evaluated how effectively it had fulfilled its Audit functions in its first year as a new combined-remit Committee with new membership, having taken account of recommended good practice and lessons learned from the previous Committee.</p> |
| Does the committee have an action plan to improve any areas of weakness?   | Yes               | <p>As part of its annual self-assessment 2017/18 the Committee has recognised where it could improve in respect of its scrutiny and challenge role to fulfil its remit and to further add value.</p>  |

