
APPOINTMENT OF A SELECTION COMMITTEE - EXTERNAL MEMBERS OF AUDIT COMMITTEES

Report by Chief Officer Audit and Risk

SCOTTISH BORDERS COUNCIL

30 August 2018

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to gain approval to the appointment of a Selection Committee for the purpose of interviewing, selecting and appointing persons for the positions of external member of the Audit and Scrutiny Committee (Audit business only) and external member to the IJB Audit Committee, the latter subject to the IJB's formal approval.**
- 1.2 Scottish Borders Council has had at least two external members on its Audit Committee since 2002 to improve independence and objectivity and to ensure that the Committee's role in the scrutiny process will be robust as a key part of the Council's governance and in line with best practice.
- 1.3 The appointment of the existing external members of the Audit and Scrutiny Committee will end on 31 October 2018. The one existing external member has indicated his interest in being re-appointed. There is currently one vacancy and a formal recruitment process will commence soon.
- 1.4 Furthermore, the Scottish Borders Health and Social Care Integration Joint Board (IJB) is looking to appoint an external member to its Audit Committee for the first time to enhance its performance in line with best practice, and it is proposed to utilise the same recruitment process.
- 1.5 Approval is sought for the appointment of a Selection Committee for the purpose of interviewing, selecting and appointing persons as external member of the Audit and Scrutiny Committee (Audit business only) and as external member of the IJB Audit Committee, noting that the latter will require ratification by the IJB as part of its business.

2 RECOMMENDATIONS

- 2.1 I recommend that the Council appoints a Selection Committee, comprising the Chairman of the Audit and Scrutiny Committee, the Convener, the Executive Member for Finance and the Chairman of IJB Audit Committee, for the purpose of interviewing, selecting and appointing persons as external member of the Audit and Scrutiny Committee (Audit business only) and as external member of the IJB Audit Committee, noting that the latter will require ratification by the IJB as part of its business.**

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BACKGROUND

- 3.1 In 2002 the Council decided that the membership of its Audit Committee should include somebody who was completely independent of the Council to provide it with expert finance/business advice. Since then the Council has had at least two external members on its Audit Committee to improve independence and objectivity and to ensure that the Committee's role in the scrutiny process will be robust as a key part of the Council's governance and in line with best practice.
- 3.2 The appointments of the external members of the Audit Committee have been made every three years, at times separate from Local Elections when elected members might change, to enable continuity of membership. The appointment of the existing external member of the Audit and Scrutiny Committee (Audit business only) will end on 31 October 2018.
- 3.3 The Audit and Scrutiny Committee at its meeting on 13 November 2017 noted the procedure for appointment of non-voting members of the Audit and Scrutiny Committee (Audit business only). During the annual self-assessment the Committee considered its current Membership and has determined that two members should be appointed from an external source as non-voting members for appointment in October 2018. This is set out in the Audit and Scrutiny Committee Annual Report 2017/18. The one existing external member, Mr Michael Middlemiss, who has served for 3 years, has indicated his interest in being re-appointed, resulting in one vacancy.
- 3.4 Furthermore, the Scottish Borders Health and Social Care Integration Joint Board (IJB) is looking to appoint an external member to its Audit Committee for the first time to enhance its performance in the review and scrutiny of the IJB's corporate governance arrangements, risk management systems and associated internal control environment, in line with best practice. Discussions have been held with the Chairman of SBC's Audit and Scrutiny Committee, the Chairman of the IJB, and the Chairman of the IJB Audit Committee to propose that the same process be utilised to recruit an external member to the IJB Audit Committee, and that the Chair of the IJB Audit Committee be included in the Selection Committee for that purpose.
- 3.4 A formal recruitment process will commence soon with the publication of the advert for the one vacant SBC role and the one IJB role to be distributed widely within the community and across the Council's partner organisations. The appointments will be for a fixed period to 31 October 2021. The proposal is that a Selection Committee be appointed for the purpose of interviewing, selecting and appointing persons as external member of the Audit and Scrutiny Committee (Audit business only) and as external member of the IJB Audit Committee, noting that the latter will require ratification by the IJB as part of its business.
- 3.5 It is proposed that the Selection Committee has the following membership:
- Chairman of the Audit and Scrutiny Committee
 - The Convener
 - The Executive Member for Finance
 - Chairman of the IJB Audit Committee
- 3.6 The Selection Committee will consult with and be advised by the Chief Officer Audit and Risk during the recruitment process.

4 IMPLICATIONS

4.1 Financial

The appointment to the role of Audit Committee external member is on a voluntary basis, although travel and subsistence expenses will be reimbursed.

4.2 Risk and Mitigations

As stated in paragraphs 1.2 and 3.1, having external members on the Audit and Scrutiny Committee (Audit function) brings independent and objective views and expertise, therefore mitigating the risks associated with not following CIPFA's best practice guidance for Audit Committees, and enhances the robustness and independence of the Audit and Scrutiny Committee's role (Audit function) in the challenge and scrutiny of the Council's internal controls, risk management and governance arrangements.

As stated in paragraphs 1.4 and 3.4, the Scottish Borders Health and Social Care Integration Joint Board (IJB) is looking to appoint an external member to its Audit Committee for the first time to enhance its performance in line with best practice, and it is proposed to utilise the same recruitment process in the spirit of partnership working. It should be noted that formal appointment of the external member of the IJB Audit Committee will require ratification by the IJB as part of its business.

There is a risk that there will be no suitable candidates in the current recruitment process and the Selection Committee will be unable to make appointments. This risk is partially mitigated for the Council in that the one existing external member for the Council, Mr Michael Middlemiss, has indicated his interest in being re-appointed; and is partially mitigated for the Council and the IJB in that the publication of the advert for the Audit Committee external member roles will be distributed widely within the community and across the Council's partner organisations.

4.3 Equalities

Equalities and diversities matters will be taken into account by the Selection Committee when interviewing and considering their selection and appointment to the positions of external member of the Audit and Scrutiny Committee (Audit business only) and external member of the IJB's Audit Committee.

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 Service Director HR, and the Clerk to the Council have been consulted on this report and any comments received have been incorporated in the report.
- 5.3 The Chairman of SBC's Audit and Scrutiny Committee, the Chairman of the IJB, and the Chairman of the IJB Audit Committee have been consulted on the proposals that the same process be utilised to recruit an external member to the IJB Audit Committee, subject to the IJB's formal approval of the appointment thereafter.
- 5.4 Those Councillors within the proposed membership of the Selection Committee have been notified of the proposals in advance.

Approved by

Jill Stacey, Chief Officer Audit and Risk Signature

Author(s)

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Background Papers:

Previous Minute Reference: Scottish Borders Council 7 October 2015

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