

## CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

### Scottish Borders Council Audit and Scrutiny Committee – self-assessment of Good Practice at 11 March 2019

Audit committee purpose and governance	Yes/Partly/No	Comments
Does the authority have a dedicated audit committee?	<input type="checkbox"/> Yes	Scheme of Administration approved by the Council 7 November 2017 (amended 28 June 2018) includes the remit of the Audit and Scrutiny Committee.
Does the audit committee report directly to full council?	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	Review has been completed by Chief Officer Audit & Risk against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (CIPFA guidance 2018 'audit committees').
Is the role and purpose of the audit committee understood and accepted across the authority?	<input type="checkbox"/> 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?	<input type="checkbox"/> 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 28 June 2018.</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 2018/19 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?	<input type="checkbox"/> 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="checkbox"/> Yes	Included in Audit functions nos. 1, 3, 10 & 11
<ul style="list-style-type: none"> <li>• assurance framework, including partnerships and collaboration arrangements</li> </ul>	<input type="checkbox"/> Partly	Implicit in all aspects of Audit functions. Assurance reflecting partnerships and collaboration is a new requirement in 2018 guidance. Propose to include explicit references to service delivery models/supply chain in Audit functions 1, 2 & 3
<ul style="list-style-type: none"> <li>• internal audit</li> </ul>	<input type="checkbox"/> Yes	Included in Audit functions nos. 5, 6 & 7
<ul style="list-style-type: none"> <li>• external audit</li> </ul>	<input type="checkbox"/> Yes	Included in Audit functions nos. 8 & 9
<ul style="list-style-type: none"> <li>• financial reporting</li> </ul>	<input type="checkbox"/> Yes	Included in Audit functions nos. 4 & 12
<ul style="list-style-type: none"> <li>• risk management</li> </ul>	<input type="checkbox"/> Yes	Included in Audit function no. 2
<ul style="list-style-type: none"> <li>• Value for money or best value</li> </ul>	<input type="checkbox"/> 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="checkbox"/> Yes	Included in Audit functions nos. 1 & 11
<ul style="list-style-type: none"> <li>• Supporting the ethical framework</li> </ul>	<input type="checkbox"/> No	This is a new requirement in 2018 guidance. Propose to include ethics references in Audit functions nos. 3 & 6

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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 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 /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>• consideration has been given to the inclusion of at least one independent member</li> </ul>	Yes	<p>The membership of the Audit and Scrutiny Committee, set out in the Council's Scheme of Administration, 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>Recommend to Council to change Scheme of Administration to "two" external members in line with current appointments.</p>
<p>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council?</p>	Yes	<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 and appointment for 3 years to October 2021 approved by Council).</p>
<p>Does the chair of the committee have appropriate knowledge and skills?</p>	Yes	<p>The Chair of the Audit and Scrutiny Committee is an experienced elected member and meets regularly with the Chief Officer Audit &amp; Risk.</p>
<p>Are 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. Attendance on training courses was arranged during the year.</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 11 March 2019 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. Leader of the Council, Chief Executive, Chief Financial Officer, External Auditor and 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 /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Partly	The Audit and Scrutiny Committee Annual Report is presented to the Council each year. 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 and from the External Auditors.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	As reflected in the Minutes of the Committee.
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Yes	Service Directors are requested to attend the Audit and Scrutiny Committee as appropriate for the business being considered by the Committee to ensure action findings and action plans are acted upon. Service Directors have made presentations to the Committee on the risks and mitigations associated with their areas of responsibility.
Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	Recommendations are made by the Committee to Council in accordance with the business considered by the Committee. An Action Tracker is used to monitor that these are implemented.
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	The Audit and Scrutiny Committee carries out an annual self-assessment of performance against best practice checklists. On 11 March 2019 as part of the Informal Session prior to the meeting using the toolkit ‘Evaluating the Effectiveness of the Audit Committee’ from the CIPFA guidance 2018 ‘audit committees’, it evaluated how effectively it had fulfilled its Audit functions.
Does the committee have an action plan to improve any areas of weakness?	Yes	As part of its annual self-assessment 2018/19 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.
Does the committee publish an annual report to account for its performance and explain its work?	Yes	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.