

---

## **AUDIT AND SCRUTINY COMMITTEE ANNUAL REPORT 2019/20**

**Report by Chief Officer Audit & Risk**

---

### **SCOTTISH BORDERS COUNCIL**

**5 November 2020**

---

#### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to submit the Audit and Scrutiny Committee Annual Report 2019/20 to all elected members which presents the Committee's performance in relation to its Terms of Reference (Audit functions) and the effectiveness of the Committee in meeting its purpose.**
- 1.2 It is important that the Council's Audit and Scrutiny Committee (Audit functions) 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 for the Council.
- 1.3 The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit and Scrutiny Committee against its remit (Audit functions) for submission to the Council. The Audit and Scrutiny Committee Annual Report 2019/20 (Appendix 1) is presented for consideration. Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 1.4 The Audit and Scrutiny 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 their Informal Session on 9 March 2020 facilitated by the Chief Officer Audit & Risk. The Members of the Committee considered the Annual Report and supporting self-assessment documents at their meeting on 22 October 2020 and agreed that they accurately represented the results of the self-assessment exercise. The outcome of the self-assessments was a high degree of performance against the good practice principles and a high degree of effectiveness, with areas of further improvement identified.

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Council:**
- a) Acknowledges the performance of the Audit and Scrutiny Committee and approves its Annual Report 2019/20 (Appendix 1).**

### **3 BACKGROUND**

- 3.1 It is important that the Council's Audit and Scrutiny Committee (Audit functions) 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 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance). It incorporates CIPFA's 2018 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 Scrutiny Committee against its remit (Audit functions) for submission to the Council. The Audit and Scrutiny Committee Annual Report 2019/20 (Appendix 1) is presented for consideration. Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 3.4 The Audit and Scrutiny 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 March 2020 facilitated by the Chief Officer Audit & Risk. The Members of the Committee considered the Annual Report and supporting self-assessment documents at their meeting on 22 October 2020 and agreed that they accurately represented the results of the self-assessment exercise.
- 3.5 The outcome of the self-assessments for the Committee was a high degree of performance against the good practice principles and a high degree of effectiveness, the latter which recognises improvements which were implemented during the year. The Committee has identified the following further improvements to its effectiveness (Audit functions):
  - ensure appropriate governance, risk, control and assurance arrangements to support the achievement of sustainable outcomes; and
  - support the development of robust arrangements for ensuring value for money through monitoring progress with Best Value Action Plan delivery.
- 3.6 The Audit and Scrutiny Committee Annual Report 2019/20 is designed both to provide assurance to full Council and to provide some further actions for the Committee to improve its effectiveness.

### **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 Scrutiny Committee (Audit functions) 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 Scrutiny Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body (Audit functions) 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 Integrated Impact Assessment**

This is a routine good governance report for assurance purposes, not a new or revised policy or strategy for decision and, as a result, completion of an integrated impact assessment is not an applicable consideration.

**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 Executive Director Finance & Regulatory, Chief Legal Officer (and Monitoring Officer), Service Director HR & Communications, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been incorporated.

**Approved by**

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

**Author(s)**

Name	Designation and Contact Number
Jill Stacey	Chief Officer Audit & Risk Tel: 01835 825036

**Background Papers:**

**Previous Minute Reference:** Scottish Borders Council 29 August 2019

**Note** – You can get this document on tape, in Braille, large print and various computer formats by using the contact details below. Information on other language translations can also be given as well as provision of additional copies.

Contact us at Internal Audit [intaudit@scotborders.gov.uk](mailto:intaudit@scotborders.gov.uk)