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## **AUDIT AND SCRUTINY COMMITTEE ANNUAL / END OF TERM REPORT 2021/22**

**Report by the Chair of the Audit and Scrutiny Committee**

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### **SCOTTISH BORDERS COUNCIL**

**31 March 2022**

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

- 1.1 The purpose of this report is to submit the Audit and Scrutiny Committee Annual / End of Term Report 2021/22 to all elected members which presents the performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose, relating to its Audit functions.**
- 1.2 It is important that the Council's Audit and Scrutiny Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body (Audit functions) as a foundation for sound corporate governance for the Council.
- 1.3 The CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition (hereinafter referred to as 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 / End of Term Report 2021/22 (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 14 February 2022 facilitated by the Chief Officer Audit & Risk. The Members of the Committee considered the Annual / End of Term Report and supporting self-assessment documents at their meeting on 14 March 2022 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.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Council:**
  - a) acknowledges the performance of the Audit and Scrutiny Committee and its assurance to the Council as set out in its Annual / End of Term Report 2021/22 (Appendix 1); and**

- b) endorses the Committee's recommendations set out in Appendix 1, as follows:**
- i. Approves an extension to the appointment of the external members of the Audit and Scrutiny Committee (Audit functions) for one year to October 2022, noting that the current incumbents are in agreement to this;**
  - ii. Agrees that other Committees should carry out self-assessments of fulfilling their remits as part of continuous improvement;**
  - iii. Provide the opportunity for the external members of the Audit Committee or equivalent and other Committees to be involved in the Induction Programme and ongoing Development Programme for Elected Members post-local government elections in May 2022.**
  - iv. Agree that the appointed Chair will have previously served on an Audit Committee or equivalent, where practicable.**
  - v. Endorses a further cycle of presentations by Directors on risks and mitigations to the Audit Committee or equivalent. In addition, the Audit Committee or equivalent should gain insights on the efficacy of the Council's risk management framework through benchmarking with other organisations; and**
  - vi. Agrees that Informal / Development Sessions continue to be used for refresher briefing / training for Committee Members.**

### **3 BACKGROUND**

- 3.1 It is important that the Council's Audit and Scrutiny Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body (Audit functions) 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 of Audit functions for submission to the Council. The Audit and Scrutiny Committee Annual / End of Term Report 2021/22 (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 14 February 2022 facilitated by the Chief Officer Audit & Risk. The Members of the Committee considered the Annual / End of Term Report 2021/22 and supporting self-assessment documents at the Audit and Scrutiny Committee meeting on 14 March 2022 and agreed that they accurately represented the results of the self-assessment exercise, with some minor amendments agreed to emphasise its risk oversight.
- 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 Committee has identified the following lessons learned on how it has effectively fulfilled its Audit functions:
- Recognise the importance of regular and refresher training to enable them to fulfil their remit effectively;
  - Gain insights on the efficacy of the Council's risk management framework through a schedule of Directors' presentations on risk and mitigations within their areas of responsibility; and
  - Target its critical evaluation of the Best Value Action Plan delivery, to enhance the arrangements for ensuring value for money.
- 3.6 The Audit and Scrutiny Committee Annual / End of Term Report 2021/22 is designed both to provide assurance to full Council and to share lessons learned on how the Committee has improved its effectiveness (Audit functions) during its 5-year term in order to inform the new Audit Committee or equivalent and its members post-Local Elections in May 2022.

### **4 IMPLICATIONS**

#### **4.1 Financial**

There are no direct financial implications associated with this report.

#### **4.2 Risk and Mitigations**

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.

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 / End of Term 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 **Sustainable Development Goals**

The recommendations in this report will not directly impact any of the 17 UN Sustainable Development Goals.

#### 4.5 **Climate Change**

This report does not relate to any proposal, plan or project and as a result the checklist on Climate Change is not an applicable consideration.

#### 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 **Data Protection Impact Statement**

There are no personal data implications arising from content of this report.

#### 4.8 **Changes to Scheme of Administration or Scheme of Delegation**

No changes are required to either the Scheme of Administration or the Scheme of Delegation as a result of the content in this report.

## 5 **CONSULTATION**

5.1 The members of the Audit and Scrutiny Committee were engaged in the annual self-assessment process during the Informal Session on 14 February 2022 facilitated by the Chief Officer Audit & Risk. The Committee at its meeting on 14 March 2022 endorsed the Annual / End of Term Report 2021/22, with minor amendments to emphasise its risk management oversight, and the supporting self-assessment documents.

5.2 The Strategic Leadership Team, Chief Legal Officer (and Monitoring Officer), Clerk to the Council, and Communications team were consulted by email to ensure awareness of the content of the Annual / End of Term Report.

### **Approved by**

**Cllr Stuart Bell, Chair of the Audit and Scrutiny Committee**

### **Author(s)**

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**Background Papers:** CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition

**Previous Minute Reference:** Audit and Scrutiny Committee 10 May 2021; Scottish Borders Council 27 May 2021

**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)

*Scottish Borders Council – 31 March 2022*