
APPOINTMENT OF A SELECTION COMMITTEE - EXTERNAL MEMBERS OF AUDIT COMMITTEE

Report by the Chief Officer Audit & Risk

SCOTTISH BORDERS COUNCIL

25 August 2022

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 Members of the Audit and Scrutiny Committee (Audit business only).**
- 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 two existing External Members of the Audit and Scrutiny Committee (Audit business only) will end on 31 October 2022. A recruitment advertising process will commence soon. Approval is sought for the appointment of a Selection Committee for the purpose of interviewing, selecting and appointing persons as External Members of the Audit and Scrutiny Committee (Audit business only).
- 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 and it is proposed to utilise the same recruitment advertising process. The IJB will approve its own process for interviewing, selecting and appointing a person as External Member of the IJB Audit Committee.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Council:**
 - a) Appoints a Selection Committee, comprising the Chair and Vice Chair of the Audit and Scrutiny Committee, and the Executive Member for Service Delivery & Transformation for the purpose of interviewing, selecting and appointing persons as External Members of the Audit and Scrutiny Committee (Audit business only); and**
 - b) Notes that the same recruitment advertising process will be utilised for the External Member of the IJB Audit Committee, and notes that the IJB will approve its own process for interviewing, selecting and appointing a person as External Member of the IJB Audit Committee.**

3 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 specialist knowledge that adds value to the Audit Committee. 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.
- 3.3 Within the CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition, CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.
- 3.4 During the annual self-assessment 2021/22, using the CIPFA Audit Committees guidance as best practice, the Audit and Scrutiny Committee (A&SC) considered its Membership and has acknowledged the added value provided by the two External Members relating to its Audit functions. The output was the A&SC Annual / End of Term Report 2021/22, which was presented to Council on 31 March 2022.
- 3.5 The new Council has endorsed having two External Members on its Audit and Scrutiny Committee when approving an updated Scheme of Administration in May 2022. The appointment of the existing two External Members of the Audit and Scrutiny Committee (Audit business only) will end on 31 October 2022.
- 3.6 Furthermore, the Scottish Borders Health and Social Care Integration Joint Board (IJB) is looking to appoint an External Member to its Audit Committee, following the resignation of the previous role holder, 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.
- 3.7 The CIPFA Audit Committees best practice guidance includes the following in respect of recruitment of independent members to audit committees:
 - Independent members appointed to the committee should be recruited in an open and transparent way.
 - The job description of the independent member should be drawn up and agreed before commencing recruitment. The requirement for relevant knowledge or expertise should be clearly determined.
 - Vacancies should be publicly advertised.
 - Appropriate enquiries will need to be made as part of the recruitment process to ensure that any applicants satisfy the requirements.
 - Independent members' appointments should be for a fixed term and be formally approved by the local authority's council.
 - The primary considerations when considering audit committee membership should be maximising the committee's knowledge base and skills, being able to demonstrate objectivity and independence, and having a membership that will work together.

4 PROPOSAL

- 4.1 A Person Specification and an Advert for the External Member Audit Committee have been prepared using the Knowledge and Skills Framework in the CIPFA Audit Committees guidance to ensure there is clarity on the required skills, knowledge, experience and personal qualities for the role.
- 4.2 A formal recruitment process will commence soon with the publication of the Person Specification and Advert for External Member Audit Committee to be distributed widely within the Scottish Borders community and across the Council's partner organisations through their networks for engagement. The appointments will be for a fixed period to 31 October 2025.
- 4.3 The proposal is that a Selection Committee be appointed for the purpose of interviewing, selecting and appointing persons as External Members of the Audit and Scrutiny Committee (Audit business only).
- 4.4 It is proposed that the Selection Committee has the following membership:
- Chair of the Audit and Scrutiny Committee
 - Vice Chair of the Audit and Scrutiny Committee
 - The Executive Member Service Delivery & Transformation
- 4.5 The Selection Committee will consult with and be advised by the Chief Officer Audit & Risk during the recruitment, selection and appointment process.
- 4.6 It is proposed to utilise the same recruitment advertising process for the vacant role of External Member of IJB Audit Committee, in the spirit of partnership working. The IJB will approve its own process for interviewing, selecting and appointing a person as External Member of the IJB Audit Committee.

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications associated with this report. The appointment to External Members of the Audit and Scrutiny Committee (Audit business only) is on a voluntary basis, though any related expenses will be reimbursed.

5.2 Risk and Mitigations

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

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 in that the publication of the advert for the External Member Audit Committee roles will be distributed widely within the Scottish Borders community and across the Council's partner organisations through their networks for engagement.

5.3 **Integrated Impact Assessment**

The Selection Committee when interviewing and considering their selection and appointment to the positions of External Member Audit Committee will comply with appropriate legislation to ensure equality, diversity and socio-economic factors are accommodated.

5.4 **Sustainable Development Goals**

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

5.5 **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.

5.6 **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.

5.7 **Data Protection Impact Statement**

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

5.8 **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.

6 **CONSULTATION**

6.1 The Strategic Leadership Team, Chief Legal Officer (and Monitoring Officer), Clerk to the Council, and Communications team have been consulted on this report and any comments received have been taken into account.

6.2 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 & Risk

Author(s)

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

Previous Minute Reference: Scottish Borders Council 31 March 2022

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