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## **AUDIT COMMITTEE ANNUAL REPORT 2022/23 AND SELF-ASSESSMENT OUTCOMES**

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

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### **AUDIT COMMITTEE**

**10 May 2023**

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

- 1.1 The purpose of this report is to provide Members with the Audit Committee Annual Report 2022/23 which presents the Committee's performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose.**
- 1.2 It is important that the Council's Audit Committee 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 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 Committee against its remit for submission to the Council. The Audit Committee Annual Report 2022/23 (Appendix 1) is presented for consideration. Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 1.4 The Audit 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 Development Sessions on 1 and 6 March 2023 facilitated by the Chief Officer Audit & Risk. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration. The outcome of the self-assessments was a high degree of performance against the good practice principles and a medium degree of effectiveness.

#### **2 RECOMMENDATIONS**

- 2.1 I recommend that the Audit Committee:**
  - a) Approves the Audit Committee Annual Report 2022/23 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and**
  - b) Agrees that the Audit Committee Annual Report 2022/23 should be presented to the Council by the Chair.**

### **3 BACKGROUND**

- 3.1 It is important that the Council's Audit Committee 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 Committee against its remit for submission to the Council.

### **4 AUDIT COMMITTEE SELF-ASSESSMENTS AND ANNUAL REPORT 2022/23**

- 4.1 The Audit 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 1 and 6 March 2023 facilitated by the Chief Officer Audit & Risk. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration.
- 4.2 The outcome of the self-assessments for the Committee was a high degree of performance against the good practice principles and a medium degree of effectiveness, which is to be expected in the first year of a new Committee membership following the local elections in May 2022. The self-assessment identified improvement actions to enable its development as a fully effective Audit Committee.
- 4.3 The Audit Committee Annual Report 2022/23 (Appendix 1) is presented for consideration. Scottish Borders Council continues to be a lead authority in adopting this best practice. It is designed both to provide assurance to full Council and to identify actions to improve its effectiveness.

### **5 IMPLICATIONS**

#### **5.1 Financial**

There are no direct financial implications associated with this report.

#### **5.2 Risk and Mitigations**

The role of the Audit Committee 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 Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body 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.

### 5.3 **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.

### 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**

Audit Committee meetings and Development Sessions during 2022/23 have been held using a virtual platform to minimise the need for business travel and reduce potential climate impact.

### 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 members of the Audit Committee were engaged in the annual self-assessment process during the Development Sessions on 1 and 6 March 2023 facilitated by the Chief Officer Audit & Risk.

6.2 The Acting Chief Financial Officer, Interim Chief Officer Corporate Governance (and Monitoring Officer), Clerk to the Council, and Communications team have been consulted by email on this report to ensure awareness of its content.

### **Approved by**

**Cllr Elaine Thornton-Nicol, Chair of the Audit Committee**

### **Author(s)**

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

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

**Previous Minute Reference:** Audit Committee 14 March 2022; Scottish Borders Council 31 March 2022

**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)