

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

Scottish Borders Council Audit Committee – self-assessment of Good Practice at 01 March 2023

Audit committee purpose and governance	Yes/Partly /No	Comments
Does the authority have a dedicated audit committee?	Yes	A separate Audit Committee approved by Council on 25 August 2022 (previously Audit and Scrutiny Committee) with audit and risk functions moving, arising from various proposals made by a Cross-Party Working Group to change the Interim Scheme of Administration.
Does the audit committee report directly to full council?	Yes	Council approves Minute of each Audit Committee meeting.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Yes	Review 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?	Yes	Interim Scheme of Administration is published on the shared X:drive. References to Audit Committee role and reports made to Senior Officers at Management Team meetings on a regular basis and to Council Management Team in advance of each Audit Committee meeting by Chief Officer Audit & Risk.
Does the audit committee provide support to the authority in meeting the requirements of good governance?	Yes	The Audit Committee is a key part of the Council's governance framework as outlined in the updated SBC Local Code of Corporate Governance approved by the Council on 30 March 2023. The Audit Committee Annual Report presented to and approved by the Council each year. SBC continues to adopt this best practice. As part of its annual self-assessment 2022/23 the Audit Committee evaluated the improvements implemented during the year to enhance its scrutiny and challenge role.
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Yes	The Audit Committee annually reviews its terms of reference as part of it carrying out an annual self-assessment of performance against best practice checklists. The Audit Committee Annual Report is presented to the Council. It sets out the activities to enable stakeholders to understand how the Audit Committee has discharged its duties and identifies areas of improvement to fulfil its remit. SBC continues to adopt this best practice.

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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">• good governance	<input type="text" value="Yes"/>	Included in Audit functions nos. 1, 3, 10 & 11
<ul style="list-style-type: none">• assurance framework, including partnerships and collaboration arrangements	<input type="text" value="Yes"/>	Implicit in all aspects of Audit functions. Explicit references to service delivery models/supply chain in Audit functions 1, 2 & 3
<ul style="list-style-type: none">• internal audit	<input type="text" value="Yes"/>	Included in Audit functions nos. 5, 6 & 7
<ul style="list-style-type: none">• external audit	<input type="text" value="Yes"/>	Included in Audit functions nos. 8 & 9
<ul style="list-style-type: none">• financial reporting	<input type="text" value="Yes"/>	Included in Audit functions nos. 4 & 12
<ul style="list-style-type: none">• risk management	<input type="text" value="Yes"/>	Included in Audit function no. 2
<ul style="list-style-type: none">• Value for money or best value	<input type="text" value="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">• Counter-fraud or corruption	<input type="text" value="Yes"/>	Included in Audit functions nos. 1 & 11
<ul style="list-style-type: none">• Supporting the ethical framework	<input type="text" value="Yes"/>	Ethics references included 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?	<input type="checkbox"/> Yes	The Audit Committee annually reviews its terms of reference as part of it carrying out an annual self-assessment of performance against best practice checklists. The Audit Committee deems this beneficial exercise to reflect on its business and identify improvement actions. The Audit Committee recommends that other Council Committees should carry out an annual evaluation to assess whether they are fulfilling their remits as part of continuous improvement.
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?	<input type="checkbox"/> Yes	The Audit 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?	<input type="checkbox"/> Yes	The self-evaluation of business considered by the Audit Committee during the year 2022/23 confirms that there is appropriate coverage of core areas. The Assurance Framework and the Audit Cycle that define the programme of work for the Audit Committee are included in the Induction Programme, as well as: Outline of Corporate Governance; role of the Audit Committee; roles of Internal and External Audit.
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?	<input type="checkbox"/> Yes	The Committee conducts its business as reflected in Interim 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"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent member 	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>The membership of the Audit Committee, set out in the Council’s Interim Scheme of Administration, comprises Ten members of the Council and Two additional members appointed from an external source as non-voting members. The latter helps to enhance the robustness and independence of the Audit Committee’s operations.</p> <p>Four members also on the Executive Committee as members of the opposition (not the Council’s Administration) though note this is to ensure effective governance of the Council; deemed not to impair independence of Audit Committee.</p>
<p>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council?</p>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>There is an open recruitment and selection process to appoint external members of the Committee outwith the cycle of local elections to facilitate continuity management of membership. Appointment of current external members is three-year term to October 2025.</p>
<p>Does the chair of the committee have appropriate knowledge and skills?</p>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>The Chair of the Audit Committee is an experienced elected member, previously served on the Audit Committee, and meets regularly with the Chief Officer Audit & Risk.</p>
<p>Are arrangements in place to support the committee with briefings and training?</p>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>Induction Programme for those appointed to the Audit Committee including: Outline of Corporate Governance; role of the Audit Committee; role of Internal and External Audit; Assurance Framework; and Audit Cycle.</p> <p>Development Sessions held separate to the formal meetings to coincide with the Audit Cycle to ensure knowledge and understanding of more technical areas.</p>
<p>Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?</p>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>A formal assessment against the Knowledge and Skills Framework (CIPFA ‘audit committees’ guidance) carried out by each member of the Audit Committee during 2022 to inform the content of the Development Sessions.</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>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>Members, in particular the Chair of the Audit Committee, utilise opportunities as required to meet with the key people involved in the Council’s governance.</p>
<p>Is adequate secretariat and administrative support to the committee provided?</p>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">Yes</div>	<p>A Committee Officer assigned to the Audit 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?	Yes	Directors who presented to the Committee during the year provide feedback on their interaction with the Committee. External Auditor, Audit Scotland, provide commentary in their Annual Audit Report.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	As reflected in the Minutes of the Committee. Note that there are six new Elected Members and two new External Members of the Committee. There is an opportunity to engage and raise salient matters in virtual meetings.
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	Directors requested to attend the Audit Committee as appropriate for the business of the Committee to ensure audit findings and action plans are acted upon. Directors made presentations to the Committee on the strategic risks and mitigations associated with their areas of responsibility. This approach works well. Conversations with Officers outwith the formal meetings.
Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	Recommendations made by the Audit Committee to Council in accordance with the business considered by the Committee. An Action Tracker is used to monitor their satisfactory implementation.
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	As part of its annual self-assessment 2022/23 it evaluated how effectively it had fulfilled its functions using the toolkit ‘Evaluating the Effectiveness of the Audit Committee’ (CIPFA guidance 2018 ‘audit committees’).
Does the committee have an action plan to improve any areas of weakness?	Yes	Actions to address areas of improvement and other learning and development requirements discussed during the Development Sessions. The Committee identified where it could further improve as part of its annual self-assessment 2022/23, recognising the importance of regular training to enable them to fulfil their remit.
Does the committee publish an annual report to account for its performance and explain its work?	Yes	The Audit Committee Annual Report 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 adopt this best practice.