
AUDIT COMMITTEE ANNUAL REPORT 2022/23

Report by the Chair of the Audit Committee

SCOTTISH BORDERS COUNCIL

25 May 2023

1 PURPOSE AND SUMMARY

- 1.1 **The purpose of this report is to submit the Audit Committee Annual Report 2022/23 to all Elected Members of the Council, which presents the Audit Committee's performance in relation to its Terms of Reference and the effectiveness of the Audit 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.
- 1.4 The Audit Committee Annual Report 2022/23 (Appendix 1) is presented for consideration. It is designed both to provide assurance to full Council and to outline actions to improve its effectiveness. Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 1.5 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 outcome of the self-assessments for the Committee was a high degree of compliance 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 Committee has four continuing elected members, including the Chair, which provides some valuable continuity in knowledge and experience. There are six new elected members and two new external members, who are new to local government.
- 1.6 The Members of the Audit Committee considered its annual report 2022/23 and supporting self-assessment documents at their meeting on 10 May 2023, noted some minor amendments to the supporting self-assessment documents, and agreed that the Audit Committee Annual Report 2022/23 should be presented to the Council by the Chair.

2 RECOMMENDATIONS

2.1 I recommend that Scottish Borders Council:

- a) Acknowledges the performance of the Audit Committee and its assurance to the Council, as set out in its Annual Report 2022/23 (Appendix 1 – Assurance Statement to the Council references a – g);**
- b) Notes the improvement actions identified during the self-assessment process to enable its development as a fully effective Audit Committee, as set out in its Annual Report 2022/23 (Appendix 1 – improvement actions 1 – 8); and**
- c) Endorses the Audit Committee recommendation that other Council Committees should carry out an annual evaluation to assess whether they are fulfilling their remits as part of continuous improvement, as set out in its Annual Report 2022/23 (Appendix 1 – Recommendation for the Council).**

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 ANNUAL REPORT 2022/23

- 4.1 The Audit Committee Annual Report 2022/23 (Appendix 1) is presented for consideration. It is designed both to provide assurance to full Council and to outline actions to improve its effectiveness. Scottish Borders Council continues to be a lead authority in adopting this best practice.
- 4.2 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.
- 4.3 The outcome of the self-assessments for the Committee was a high degree of compliance 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 Committee has four continuing elected members, including the Chair, which provides some valuable continuity in knowledge and experience. There are six new elected members and two new external members, who are new to local government.
- 4.4 Assurances are provided to the Council based on the Audit Committee's activity and performance during the year to 31 March 2023 (Appendix 1 – Assurance Statement to the Council, references a to g).
- 4.5 The self-assessment identified improvement actions to enable its development as a fully effective Audit Committee (Appendix 1 – improvement actions 1 – 8).
- 4.6 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.
- 4.7 The Members of the Audit Committee considered the Audit Committee Annual Report 2022/23 and supporting self-assessment documents at their meeting on 10 May 2023, noted some minor amendments to the supporting self-assessment documents, and agreed that the Audit Committee Annual Report 2022/23 should be presented to the Council by the Chair.

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, considered the Audit Committee Annual Report 2022/23 and supporting self-assessment documents at the Audit Committee meeting on 10 May 2023, noted some minor amendments to the supporting self-assessment documents, and agreed that the Audit Committee Annual Report 2022/23 should be presented to the Council by the Chair.

6.2 The Acting Chief Financial Officer, Interim Chief Officer Corporate Governance (and Monitoring Officer), Clerk to the Council, and Communications team were consulted on the Audit Committee Annual Report 2022/23, prior to its consideration by the Audit Committee on 10 May 2023, to ensure their awareness of its content.

Approved by
Cllr Elaine Thornton-Nicol, Chair of the Audit 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 Committee 14 March 2022; Scottish Borders Council 31 March 2022

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Contact us at Internal Audit intaudit@scotborders.gov.uk