

**To: Audit, Risk and Scrutiny Board**

**On: 18 March 2024**

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**Report by: Director of Finance and Resources**

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**Heading: CIPFA Audit Committee Guidance – Self Assessment and Action Plan**

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## **Summary**

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published guidance in late 2022 for local authority Audit Committees. The purpose of the guidance is to support Audit Committee members in fulfilling their role on the Audit Committee.
- 1.2 The guidance promotes that a regular self-assessment against the key principles should be undertaken, to support the planning of the audit committee work programme and training plans and also inform the annual report.
- 1.3 Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.
- 1.4 In response to the Dargavel Primary School Independent Review and recommendations made by the Council's external auditors, the Council agreed to undertake this assessment of the Audit Risk and Scrutiny Board against CIPFA's published good practice guide for audit committees.
- 1.5 At the Audit, Risk and Scrutiny Board meeting on 6 November the Board agreed the format of the self-assessment and members participated in two development sessions, on 19 January and 26 February.

- 1.6 This report highlights the outcome from those development sessions and identifies the required changes to the Council's governance arrangements.
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## **Recommendations**

- 2.1 Members are asked to note the content of this report, being the outcome of the self-assessment against the CIPFA guidance for effective Audit Committees and the two development sessions.
  - 2.2 That the Audit, Risk and Scrutiny Board are asked to agree the Action Plan resulting from the self-assessment against the CIPFA guidance for effective Audit Committees, note the progress made in implementing the actions arising and agree that the Action plan be submitted to the Council for noting.
  - 2.3 Members are asked to recommend to Council the approval of the proposed revisions to the Terms of Reference for the Audit, Risk and Scrutiny Board.
  - 2.4 Members are asked to recommend to Council the approval of the proposed revisions to the Guidelines for the Operation of the Audit, Risk and Scrutiny Board.
  - 2.5 Members are asked to recommend to Council the approval of the proposed revisions to the Role Descriptions for Councillors, Senior Councillors and Leader of the Council.
  - 2.6 Members are asked to note the content of the proposed training and development programme for members of the Audit, Risk and Scrutiny Board.
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## **3. Background**

- 3.1 The Audit Committee is a key part of an organisation's governance arrangements and one of its key roles is ensuring that there is sufficient assurance over the governance risk and control framework. It can be a valuable resource for the whole organisation.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) published guidance in late 2022 for local authority Audit Committees. The purpose of the guidance is to support Audit Committee members in fulfilling their role on the Audit Committee.
- 3.3 As part of the Dargavel Primary School Independent Review Action Plan, the Council agreed to undertake an assessment of the Audit Risk and Scrutiny Board against CIPFA's published good practice guide for audit committees and identify any recommendations for change in remit or operational arrangements.
- 3.4 The Council's external auditors also recommended that the Council evaluates the overall effectiveness of the Audit, Risk and Scrutiny Board against CIPFA good practice guidelines.

3.5 At its meeting on 6 November 2023, the Audit, Risk and Scrutiny Board agreed the format of the self-assessment.

#### **4. Self-Assessment process**

4.1 An initial assessment of the current arrangements was undertaken by officers against the self-assessment of good practice checklist and the evaluating the impact and effectiveness of the audit committee checklist, provided in the guidance.

4.2 The output from the self-assessment was fully discussed and agreed with the members of the Audit, Risk and Scrutiny Board at a full day development session, on 19 January 2024. This session identified a number of areas of good practice and a draft action plan was developed.

4.3 Members requested that the current arrangements were benchmarked with other Local Authorities. The benchmarking information was discussed, at a second development session on 26 February 2024 and members agreed that the current arrangement were broadly consistent with other Local Authorities across the areas of good practice covered in the guidance.

4.4 The agreed action plan covering changes to be made to improve compliance with the guidance and enhancement of the overall effectiveness of the Audit, Risk and Scrutiny Board is attached at Appendix 1. A summary of the key points arising from the benchmarking exercise, which focused on the membership and functions of Scottish Local Authorities Audit Committee is attached at Appendix 2a and 2b.

#### **5. Areas of Good Practice**

5.1 The self-assessment against the good practice checklist identified a number of areas of good practice.

##### ***Audit Committee Purpose and Governance***

- The Board has comprehensive Terms of Reference and supplementary guidelines.
- The Board reports directly to the Council.
- It is an advisory Board and has no decision-making powers.

##### ***Functions of the Committee***

- The Board currently regularly considers reports on all the functions expected under the CIPFA guidance.

##### ***Membership and Support***

- There are arrangements in place to ensure the independence of the Board.
- The Board is of a sufficient size and not cumbersome.

##### ***Effectiveness of the Committee***

- There is a non-political approach to the Boards discussions.

- There is regular and constructive engagement between the Board and senior officers.

5.2 The self-assessment against the evaluating the impact and effectiveness of the audit committee checklist also identified a number of areas of good practice.

***Supporting good governance and decision making by:***

- Reviewing the Local Code of Corporate Governance,
- Reviewing the Annual Governance Statement.
- Considering the annual independent verification of compliance with the Local Code of Corporate Governance.

***Supporting effective internal control by:***

- Approving the annual internal audit plan,
- Considering the Chief Auditors Annual Report and opinion on the adequacy of the internal control, governance and risk management arrangements,
- Considering reports on internal audit recommendations not implemented by the due dates.
- Regular attendance from senior management at the Audit, Risk and Scrutiny Board.

***Supporting effective risk management by:***

- Approving the risk management framework,
- Considering the strategic and corporate risk registers on a 6 monthly basis,
- Considering the risk management Annual Report.

***Supporting effective audit and assurance by:***

- Considering regular reports from both the Internal and External Auditors
- Approval of the Internal Audit Charter
- Considering any external assessment of compliance with the Public Sector Internal Audit Standards.

***Supporting the achievement of goals by:***

- Considering the Annual Local Government Benchmarking report.
- Considering the Annual Scottish Public Services Ombudsman report.
- Monitoring the progress of actions included in the Dargavel action plan.

***Improving value for money by:***

- Review of the annual governance statement.
- Considering the audited annual accounts.
- Considering reports from the external auditors on the annual accounts and Best Value.

***Embedding ethical values and countering fraud by:***

- There is a Code of Conduct, signed by all members.
- Declarations of interest and transparency statements are called for at each meeting.
- Members complete a register of interest.
- Consideration of regular reports on counter fraud progress and outcomes including the National Fraud Initiative.

***Improving public reporting, accountability and transparency by:***

- All meetings of the Board are open to the public.

- The annual accounts considered by members comply with the CIPFA Code of Practice on Local Government Accounting.
- Ensuring that the annual accounts are available for public inspection.

## 6. Self-Assessment Action Plan

- 6.1 As further set out in this report and action plan 11 specific actions were agreed to be taken forward to improve the support available and the overall effectiveness of the Audit, Risk and Scrutiny Committee.
- 6.2 The self-assessment identified that the current Audit, Risk and Scrutiny Board's terms of reference are wide ranging and includes all of the functions required by the CIPFA guidance and covers a broadly similar remit to most other Local Authorities. As such, the terms of reference were therefore considered to be generally adequate. However, it was concluded that some amendments to the governance of the Audit, Risk and Scrutiny Board were required in order to improve clarity and address some specific requirements from the CIPFA guidance.
- 6.3 Proposed revisions have been made to the Scheme of Delegated Functions, specifically in relation to the Audit, Risk and Scrutiny Board Terms of Reference and the Guidelines for Operation of the Audit, Risk & Scrutiny Board.
- 6.4 The proposed revised Terms of Reference is included at Appendix 3, and a summary of the main revisions is detailed below. (*Action Plan points 1, 4, 5 and 11*)
- A reference has been added at the start of the document to draw attention to the supplementary Guidelines for Operation of the Audit, Risk & Scrutiny Board, contained within this Scheme of Delegated Functions.
  - Point 8 has been amended, "To consider summaries of the assurances and risks identified from the work of internal audit." to improve clarity and reflect accurately the current operational practice.
  - Point 9 has been amended, "To consider the Chief Auditor's annual report and opinion on the effectiveness of the Council's governance, internal control and management of risk." to improve clarity.
  - Point 13 has been added, "To consider the Annual Governance Statement for inclusion in the unaudited Accounts." to reflect current operational practice.
  - Point 17 has been combined to include the previous points 14 and 16 to review service delivery performance with point 16 being deleted.
  - Point 23 has been added "To consider the outcome of internal audit reviews of partner organisations." to reflect the Boards desire to have more assurance over the activities of joint bodies.

- Previous point 22 has been removed “To consider guidance issued by the Standards Commission under section 6 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 and to ensure the application of such guidance.” to reflect the Boards view that this annual report should be considered by full Council.
- Point 26 and 27 have been added “To undertake an annual self-assessment against the CIPFA position statement and audit committee guidance”; and “To provide an annual report to Council on the work of the committee, to include: the committee’s performance in relation to its remit; and the effectiveness of the committee in meeting its purpose.” These additions are made to improve compliance with the CIPFA guidance in terms of its accountability to the Council.

6.5 The proposed revised Guidelines for Operation of the Audit, Risk & Scrutiny Board is included at Appendix 4, and a summary of the main revisions is detailed below. (*Action Plan point 3, 4, 9, 10 and 11*)

- Section 1.1, Membership, has been amended to include the option for the Board to appoint up to 2 individuals as non-voting lay members
- Section 1.8, Annual Programme, has been amended to “It is suggested that the development of the annual programme of activities is developed in consultation with the senior officers in order to ensure that due consideration is given to corporate risks and priorities”.
- Section 1.12, Role of the Convener/Depute-Convener, has been amended to reflect the unique role that the Convener of the Audit, Risk and Scrutiny Board has, given its function as the Council’s Audit Committee.
- Section 1.13, Role of Members, has been amended to recommend that all members of the Audit, Risk and Scrutiny Board undertake an annual assessment of knowledge and skills which will be used to develop an annual training and development programme, as recommended in the CIPFA guidance.

Section 2 has been amended to include the following revisions:

- Audit Scrutiny has been amended to clearly link with the CIPFA position statement. A further amendment has been made to facilitate private meetings between the Board and the internal and external auditors.
- A section has been added to provide detail of the mechanism for the Audit, Risk and Scrutiny Board to conduct an annual review of its effectiveness and an report the outcome of this review and the activities of the Board in an annual report to be submitted to Council.

- 6.6 It is proposed that the document setting out the Role Descriptions for Councillors, Senior Councillors and Leader of the Council be amended to include a description of the unique role for the Convenor of the Audit, Risk and Scrutiny Board, to reflect the nature of the position. The proposed addition is detailed at Appendix 5. (*Action Plan point 3*)
- 6.7 Board members agreed at the development session that a programme of training and development for members would be prepared follow the completion of the Knowledge and Skills Framework from the CIPFA guidance. The proposed training and development programme is detailed at Appendix 6. (*Action Plan point 9*)
- 6.8 The development sessions also considered the role for the Audit, Risk and Scrutiny Committee for the oversight of major capital programmes. Having considered the current remit, along with the results of the benchmarking exercise, members agreed that the current Board Terms of Reference remained appropriate in this regard. Members agreed that this would be considered through the development of the annual review programme. (*Action Plan point 7*)
- 6.9 One area of the current Terms of Reference was recognised as having fallen away in recent years, was the requirement for the Board to consider reports by the Accounts Commission, Audit Scotland and other similar organisations to allow them to make recommendations where appropriate to the Council, it was agreed that this remit was important and should recommence. (*Action Plan point 6*)
- 6.10 The development sessions identified 2 aspects of the current Audit, Risk and Scrutiny Board Terms of Reference that would be better considered by another Board or by Council. (*Action Plan point 2*)
- It was felt that the consideration of the quarterly absence statistics and the annual report in relation to absence would be better considered by the Finance, Resources and Customer Services Policy Board. This change could be achieved without any amendment to the Policy Board Terms of Reference, as these reports could be considered under clause 13. "To provide oversight and review of the Council's workforce planning, organisational development and human resource strategies and plans" and clause 27. "To approve and oversee policies in relation to health, safety and welfare of Council employees and service users for whom they are responsible".
  - Members also expressed a view that the annual report from the Standards Commission would be better considered by the full Council. Again, no change would be required to the Scheme of Delegated Functions other than the amendment already set out in Appendix 3.
- 6.11 During the review it was also noted that there was some inconsistency across policy board Terms of Reference around performance monitoring. It was noted that the revised Scheme of Delegated Functions to be submitted to the Council

for approval, should update the Policy Board terms of reference to ensure consistency across all Policy Boards.

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### **Implications of the Report**

1. **Financial** - None
2. **HR & Organisational Development** – None
3. **Community Planning – Safer and Stronger** - None
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The report addresses the risk of non-compliance against the revised CIPFA guidance for an effective Audit Committee.
11. **Privacy Impact** – None
12. **COSLA Implications** – None
13. **Climate Risk** - None

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## CIPFA Audit Committee Guidance - Self-assessment

No.	Action	Action Owner	Progress	Completion date
Audit Committee purpose and governance				
1	Review the ARSB Terms of Reference and detail proposed amendments to members at the follow-up development session. Submit the revised Terms of Reference to the Council for approval.	Head of Corporate Governance	A number of amendments to the ARSB Terms of Reference were discussed and agreed at the development session. The proposed revised Terms of Reference will be agreed by the ARSB on 18 March and submitted to the Council for approval.	May 2024.
2	Consider whether any changes need to be made to the other Board remits as a result of proposed changes to the ARSB Terms of Reference.	Head of Corporate Governance	<p>It was agreed that the quarterly absence statistics and the absence annual report would be better placed with the Finance, Resources and Customer Services Policy Board. It was agreed that this change to the Scheme of Delegated Functions would be submitted to the Council for approval.</p> <p>The members felt that the annual report from the Standards Commission would be better considered at Council, given that it would be of interest to all members. The Terms of Reference have been updated to reflect this.</p> <p>It was also noted that there was some inconsistency across policy</p>	May 2024.

## CIPFA Audit Committee Guidance - Self-assessment

			board Terms of Reference around performance monitoring. It was agreed that this would be reflected in the revised Scheme of Delegated Functions submitted to Council.	
3	Consider whether the Scheme of Delegated Functions, Guidelines for Operation of the Audit, Risk & Scrutiny Board, require any revisions to improve the effectiveness of the Board.	Head of Corporate Governance	<p>A number of amendments were considered at the follow up development session. Agreed amendments included an update to the membership section which should be updated in line with action 9 below.</p> <p>An expansion of the section on the role of the Convenor. This will also be further developed in the documented Role Descriptions for Councillors, Senior Councillors and Leader of the Council.</p> <p>Inclusion of the option to meet with the internal and external auditors in private annually and include some guidance on the purpose of these meetings.</p>	May 2024.
4	Establish the mechanism and reporting arrangements for the Council to hold the Audit Committee to account.	Head of Corporate Governance	The reporting mechanism for holding the Audit Committee to account was agreed as being through the Annual Report. The Terms of Reference and the Guidelines for the Operation of the Audit, Risk and Scrutiny Board have been updated to reflect this change.	May 2024

## CIPFA Audit Committee Guidance - Self-assessment

			The Annual Report should be amended to include all the aspects of the CIPFA good practice guidance and should be agreed by the ARSB for submission to the Council.	June 2024
<b>Functions of the Committee</b>				
5	Ensure that the ARSB receive reports on internal audit activity in partner bodies, including joint boards and the City Region Cabinet, this will enhance their remit for Community Leadership through Monitoring of Other Public Bodies.	Head of Corporate Governance  Chief Auditor	The terms of reference have been updated to include this change.  The Chief Auditor will ensure that for any reports issued to partner bodies during each quarter, the Board shall receive a summary of those reports.	May 2024
6	Ensure that the arrangement for the Board to consider reports by the Accounts Commission, Audit Scotland and other similar organisations to allow them to make recommendations where appropriate to the Council is undertaken regularly.	Head of Policy and Partnerships	The Head of Policy will liaise with service Directors to ensure that relevant external reports are highlighted to the ARSB on matters of interest to the Council.	March 2024
7	Consider the remit for the Board in relation to scrutiny of major capital projects.	Director of Finance and Resources	It was determined that there was no requirement to amend the Term of Reference in this regard as the powers were already delegated.  Members agreed to consider this further in developing their annual review programme.	March 2024
<b>Membership and Support</b>				
8	A programme of training for members would be developed follow the completion of the Knowledge and Skills Framework from the CIPFA guidance.	Chief Auditor	A training briefing programme for all members of the ARSB has been	March 2024

## CIPFA Audit Committee Guidance - Self-assessment

			<p>developed based on the completed knowledge and skills assessments.</p> <p>Where individual members have indicated specific development requirements the Chief Auditor will arrange for 1-1 meetings to determine how best to support each members development.</p>	
9	Consider if it would be beneficial to recruit independent/lay members to supplement the Audit, Risk and Scrutiny Board in particular areas. It was agreed to review this following completion of the Knowledge and Skills Framework.	Head of Corporate Governance	<p>Members had a desire to have the ability to recruit independent/lay members to the Board. Following assessment of the completed Knowledge and Skills Framework questionnaires it was felt that there was no requirement to recruit at this stage.</p> <p>The Scheme of Delegated Functions, Guidelines for Operation of the Audit, Risk &amp; Scrutiny Board has been updated to reflect this change.</p>	May 2024
Effectiveness of the Committee				
10	It was agreed that officers would assist members to develop the Boards annual programme of reviews to ensure that due consideration is given to the corporate risks and priorities.	Director of Finance and Resources	<p>Members will still have the ability to submit written intimations to the Board to consider matters they would like reviewed.</p> <p>A session will be held annually with officers and members to consider strategic and corporate risks and Council priorities to inform the development of the annual</p>	May 2024

## CIPFA Audit Committee Guidance - Self-assessment

			programme of reviews. The Guidance for the operation of the Audit, Risk and Scrutiny Board has been updated to reflect this.	
11	The Audit, Risk and Scrutiny Board will continue to self-assess against the CIPFA guidance on an annual basis, and that the outcome of the assessments will be formalised in the Boards Annual Report.	Head of Corporate Governance	The Terms of Reference and the Guidelines for the Operation of the Audit, Risk and Scrutiny Board have been updated to formalise this change.	May 2024

All Audit Committees  
are chaired by a person  
independent of the  
Administration

9 had the ability to  
include external  
members to  
supplement the  
committee

6 currently have  
external members

The majority of  
external members are  
non-voting

## Benchmarking Exercise – Functions of the Committee

Appendix 2b

All included a remit for oversight of Internal and External Audit	27 had a remit for governance	26 had a remit for risk management
23 had a remit for reviewing the annual accounts	22 had some form of remit for additional scrutiny	18 had a remit for some form of performance monitoring
10 had a remit for Standards and Ethics	10 had some form of remit for oversight of partnerships	Only 1 had a specific remit for oversight of major capital projects

### Audit, Risk and Scrutiny Board

#### Terms of Reference

This document should be read in conjunction with the Guidelines for Operation of the Audit, Risk & Scrutiny Board, contained within this Scheme of Delegation.

The following shall comprise the areas of responsibility of the Audit, Risk and Scrutiny Board:

#### General Delegations

1. To grant authority to members to attend seminars, conferences, and other visits.
2. To approve where required the Council's response to consultation papers which are within the Board's terms of reference.

#### Audit

3. To act as the Council's Audit Committee.
4. To consider reports by the Accounts Commission, Audit Scotland, and other similar organisations and to make recommendations where appropriate to the Council.
5. To consider reports by the Council's external auditors including those relating to the Council's annual accounts and to submit recommendations to the Council.
6. To approve the Council's internal audit charter and annual plans.
7. To consider internal audit performance and progress reports.
8. To consider summaries of the assurances and risks identified from the work of internal audit.
9. To consider the Chief Auditor's annual report and opinion on the effectiveness of the Council's governance, internal control and management of risk.
10. To consider and monitor reports regarding compliance by services with recommendations made by both Internal and External Audit.
11. To consider Corporate Counter Fraud Outcomes.

#### Corporate Governance

12. To consider the Council's Local Code of Corporate Governance.



13. To consider the Annual Governance Statement for inclusion in the unaudited Accounts.

### **Risk Management**

14. To approve the risk management policy and strategy.
15. To consider the effectiveness of the risk management arrangements through consideration of the annual risk management report.
16. To oversee the Council's risks and associated actions through consideration of six-monthly risk reports.

### **Monitoring and Reviewing Service Delivery Performance, Policies and Practices**

17. To review service delivery and performance management arrangements across all services and to submit recommendations to the Council.
18. To consider reports by the Scottish Public Services Ombudsman in terms of the Scottish Public Services Ombudsman Act 2002.
19. To conduct reviews into particular issues and/or policies at the request of the Leadership Board and/or Council. Such reviews shall only occur after a period of not less than 6 months has elapsed from the date of implementation of the policy.
20. To review decisions taken by the Policy Boards (other than those concerning quasi judicial functions) and how they are implementing Council policy and to submit recommendations to the Leadership Board. Such reviews shall only occur after a period of not less than 6 months has elapsed from the date of implementation of the policy.

### **Community Leadership through Monitoring of Other Public Bodies Etc**

21. To conduct reviews of issues of significance and/or concern to Renfrewshire which are not necessarily matters which are the responsibility of the Council.
22. To conduct reviews of the activities of other public bodies, including Joint Boards and Joint Committees in so far as they impact on Renfrewshire.
23. To consider the outcome of internal audit reviews of partner organisations.

### **Standards and Ethics**

24. To consider matters of policy and guidance relating to standards and ethics in relation to elected members, including the promotion of codes of conduct, but excluding consideration of allegations against a councillor, as this will be dealt with by the Chief Investigating Officer and Standards Commission appointed by Scottish Ministers.

### **Written Intimations**

25. To determine requests submitted by individual Audit, Risk and Scrutiny Board members for a particular matter to be considered which is within the terms of reference of the Audit, Risk and Scrutiny Board.

### **Accountability**

26. To undertake an annual self-assessment against the CIPFA position statement and audit committee guidance.
27. To provide an annual report to Council on the work of the committee, to include: the committee's performance in relation to its remit; and the effectiveness of the committee in meeting its purpose.

### Audit, Risk & Scrutiny Board

#### Guidelines for Operation of the Audit, Risk & Scrutiny Board

##### 1. Guidelines

##### 1.1 Membership

The Audit, Risk & Scrutiny Board shall comprise nine members drawn from all the political parties represented on the Council having regard to the party balance on the Council. Members who are Conveners of another Board or members of the Leadership Board may not be members of the Audit, Risk and Scrutiny Board. Where a member of the Audit, Risk & Scrutiny Board is also a Depute Convener and has specific responsibility for an issue being investigated by the Board, that member shall declare an interest and take no part in the Board's deliberations on the issue.

The Board may appoint up to 2 individuals as non-voting lay members to bring access to external expertise, knowledge or experience, as necessary. Lay members should be appointed by the Council after a recommendation from an interview panel chaired by the Convener of the Audit, Risk and Scrutiny Board. Lay members should not be a member of any political party.

##### 1.2 Convener and Depute Convener

The Council shall appoint the Convener and Depute Convener of the Audit, Risk and Scrutiny Board who cannot both be from the same political party.

##### 1.3 Secretariat

The Director of Finance & Resources shall provide the secretariat to the Audit, Risk and Scrutiny Board.

##### 1.4 Advisors

The Director of Finance & Resources shall appoint an officer to provide legal advice to the Audit, Risk and Scrutiny Board as and when required. The Director of Finance & Resources shall appoint an officer to provide financial advice to the Audit, Risk and Scrutiny Board as and when required. The Chief Executive shall appoint other officer advisers as required by the Audit, Risk and Scrutiny Board for specific investigations including the appointment of a lead officer if this is deemed necessary. In certain cases, advisers may be appointed from external organisations.

##### 1.5 Meetings

The Audit, Risk and Scrutiny Board shall meet at least once in each cycle of meetings. Special meetings shall be arranged to deal with specific investigations as and when required in terms of the Council's Procedural Standing Orders.

Meetings of the Audit, Risk and Scrutiny Board will be open to the press and public subject only to the requirements of the Local Government (Access to Information) Act 1985. Therefore, given the intended broad remit of the Board, there will be occasions when the press and public will require to be excluded. Whilst meetings will normally be held within the HQ complex, the Board may decide to meet elsewhere, for example, if discussing an issue affecting a specific locality where it may be more appropriate to meet in a local hall or similar venue.

### 1.6 Functions

The Audit, Risk and Scrutiny Board shall undertake the functions detailed in the terms of reference. In the majority of cases, the Audit, Risk and Scrutiny Board will make recommendations to the Council following the completion of its investigations.

In view of the proposed range of its functions, the Audit, Risk and Scrutiny Board could have different methods of operation depending on the issue involved. For example, as a traditional committee when considering routine reports: as an investigatory hearing when investigating specific issues; as an open forum when looking at issues of local significance/concern.

Certain areas of the Audit, Risk and Scrutiny Board's remit will be dealt with by written submissions, for example, Ombudsman reports, external audit reports and performance management issues. The Audit, Risk and Scrutiny Board may wish to question officers on the content of such reports and officers will be notified in advance of each meeting if they are required to attend.

In other cases, the Audit, Risk and Scrutiny Board may wish to take evidence from both members and officers who will be notified in advance if they are required to attend. The Audit, Risk and Scrutiny Board may also wish to take evidence from other organisations and/or individuals although attendance could not be insisted upon.

In taking evidence, whether from members, officers, outside agencies or the public, the Board members, and particularly the Convener, should avoid confrontation. This is not to say that difficult questions cannot be asked but they should relate to the issue being investigated. Members and officers appearing before the Board should be ready to respond to proper questions without fear of recrimination or prejudice. Officers should not be questioned as to the validity or appropriateness of Council policy and such questions should be directed to members.

Where the Audit, Risk and Scrutiny Board is reviewing a decision of a Policy Board, the Convener of that Board should be questioned on all matters relating to the rationale behind the decision and should only refer technical/professional matters to officers.

The Audit, Risk and Scrutiny Board should specify as precisely as possible the areas for investigation to ensure that witnesses are able to prepare their evidence. The Board may wish to issue set questions in advance and may elect to accept written submissions.

Should the Audit, Risk and Scrutiny Board be monitoring other public bodies, it will have no authority to compel attendance and would rely, rather, on the co-operation of the bodies concerned. However, by concentrating on a desire to obtain positive outcomes from such scrutiny, it should be possible to secure co-operation. Rather than predetermine how such scrutiny should be progressed, it may be appropriate to arrange a meeting of the Audit, Risk and Scrutiny Board with the senior executives/representatives of the other public bodies involved to agree procedures.

### 1.7 Party Whips

The party whip will not apply to meetings of the Audit, Risk and Scrutiny Board.

### 1.8 Annual Programme

The Audit, Risk and Scrutiny Board shall prepare an annual programme of activities which shall include consideration of routine reports as well as areas for specific investigations. It is suggested that the development of the annual programme of activities is developed in consultation with the Chief Executive, Director of Finance and Resources and the Head of Corporate Governance, in order to ensure that due consideration is given to corporate risks and priorities.

In addition, matters may also be referred by the Council or the Leadership Board to the Audit, Risk and Scrutiny Board for investigation.

### 1.9 Written Intimation Procedure

Any member of the Board may submit a written intimation requesting that a particular matter be considered by the Board provided that it lies within the terms of reference of the Board, and must specify the reasons for the request. All written intimations must be submitted no later than 14 days prior to a meeting of the Board and shall be included in the agenda for that meeting, without prejudice to the right of the Convener to rule as to their competence. The Board may agree:-

- (i) that the matter be considered immediately
- (ii) that the matter be considered as part of a future review
- (iii) that the matter be referred to officers for investigation
- (iv) that the matter be not considered.

### 1.10 Findings

The findings of the Audit, Risk and Scrutiny Board may be made either via the minutes of each meeting and/or by specific reports to the Council. These reports will be prepared by the secretariat or the lead officer, as appropriate, for approval by the Audit, Risk and Scrutiny Board prior to their submission to the next ordinary meeting of the Council. Minority or dissenting views shall be recorded either in the minutes or the reports as appropriate.

### 1.11 Confidentiality

It is likely that the Audit, Risk and Scrutiny Board will have access to confidential and/or sensitive information and it must at all times respect that confidentiality in accordance with the requirements of the Councillors' Code of Conduct.

### 1.12 Role of the Convener/Depute-Convener

The Convener or in his/her absence, the Depute Convener, shall be responsible for the conduct of meetings of the Audit, Risk and Scrutiny Board.

As a non-decision-making advisory Board, the Convener has a distinct role in ensuring that they bring an ability to consider matters in an objective, non-political manner and to help to ensure the apolitical nature of the committee.

The key skills and attributes required for the delivering the functions of the Audit, Risk and Scrutiny Board effectively is set out in the document "Role Descriptions for Councillors, Senior Councillors, Audit, Risk and Scrutiny Board Convenor and Leader of the Council."

### 1.13 Role of Members

Members of the Audit, Risk and Scrutiny Board shall consider all matters objectively and impartially.

To ensure that members are developed and have the required knowledge and skills to actively and independently participate on the Board, it is recommended that an annual assessment of knowledge and skills is undertaken to inform the annual training and development programme for members of the Board.

### 1.14 Role of Secretariat and Lead Officers

The secretariat will make the necessary administrative arrangements for meetings of the Audit, Risk and Scrutiny Board and advise on matters of procedure. The secretariat or the relevant lead officer will prepare draft reports on behalf of the Board.

### 2. Terms of Reference

- 2.1 The following paragraphs clarify how particular elements of the terms of reference should be progressed.

#### **Audit Scrutiny**

The Audit, Risk and Scrutiny Board shall act as the Council's Audit Committee and, in so doing, it is a key component of the Council's corporate governance framework. It provides an independent and high-level focus on the adequacy of governance, risk management and control arrangements. The Board has a role in providing assurance to the Council that there is sufficient assurance over governance risk and control and that those arrangements are effective. The Board has oversight of both internal and external audit and for examination of financial, performance and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

It is suggested that the Board should consider reports by the internal and external auditors and submit recommendations to the Council where this is considered appropriate.

To ensure the integrity of the internal audit function, the annual internal audit annual plan is determined by the Chief Auditor in consultation with the Chief Executive and Director of Finance & Resources. The Audit, Risk and Scrutiny Board will have an overview of the internal audit role and ensure that resources are being targeted effectively.

In exercising its function as the Council's Audit Committee, it would be anticipated that at least one meeting, or part thereof, shall provide the internal and external auditor with the opportunity to meet the members of the Committee without senior officers present.

#### **Monitoring and Reviewing Service Delivery; Performance; Policies and Practices**

It is envisaged that there will still be performance management reports to the relevant Policy Board. The Audit, Risk and Scrutiny Board may select particular areas for investigation as part of its annual programme previously referred to. The Audit, Risk and Scrutiny Board would make recommendations to the Council.

It is suggested that the Audit, Risk and Scrutiny Board would consider Ombudsman reports issued after formal investigations and approve any action which may be required. The Audit, Risk and Scrutiny Board would also receive the Ombudsman's annual report.

In relation to the scrutiny of service delivery and performance, it is suggested that the Audit, Risk and Scrutiny Board would select particular areas for investigation as part of its annual programme.

### **Community Leadership through Monitoring of Other Public Bodies etc**

However, the Council's role in community leadership is not clear cut and requires to be considered carefully to ensure that the respective functions and responsibilities of other public bodies are not compromised. The Council, via the Audit, Risk and Scrutiny Board, could provide the forum for an informed public debate on particular issues, although this will require to be done in consultation with the other bodies involved where possible to ensure the necessary degree of co-operation is provided.

### **Standards and Ethics**

In relation to elected members, any alleged contraventions of the Ethical Standards in Public Life etc (Scotland) Act 2000 would be referred for investigation to the Chief Investigating Officer and thereafter for consideration by the Standards Commission appointed by Scottish Ministers.

### **Accountability**

Each year the Audit, Risk and Scrutiny Board should conduct a review of its effectiveness and an annual report on the activities of the Audit, Risk and Scrutiny Board will be prepared by the secretariat for approval by the Audit, Risk and Scrutiny Board prior to their submission to the next ordinary meeting of the Council.

The Annual Report should include:

- Results of the committee's annual evaluation of its effectiveness and assurance over key indicators of compliance against available guidance. There should be disclosure over areas where the Board has concerns (which could link to the action plan in the Annual Governance Statement) and a statement of what the Board has done to escalate their concerns or make recommendations.
- The report should summarise how it has fulfilled its terms of reference and the key issues escalated to the leadership team or other committees during the year.
- The report should summarise the development work that will support the committee members, e.g. training.

It is suggested that the annual report should be timed to support the annual review of governance and preparation of the Annual Governance Statement. This enables the committee to take stock of the assurances it has received and the extent to which its own performance has contributed to governance arrangements.



### **Audit, Risk and Scrutiny Board Convenor – Role Description**

An Audit, Risk and Scrutiny Board has been established to be independent of executive decision making and able to provide objective oversight. It is an advisory Board that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the Council.

#### **Key Purpose**

The Convenor of the Audit, Risk and Scrutiny Board has a unique role which differs from other Senior Councillor roles. The key purpose of the role is to ensure that the Board operates in an objective and apolitical manner. The role is independent from policy decision making and should not give political direction.

#### **Key Tasks**

To ensure that the Board undertakes its responsibilities as outlined in the Terms of Reference.

To ensure that the deliberations of the Board is free from political bias.

Maintain an open and constructive relationships with senior management, internal and external audit, and other Boards of the Council.

## Appendix 6

### Audit, Risk and Scrutiny Board – Training and Development Programme of Briefings

<b>Date</b>	<b>Topic</b>
May 2024	Governance arrangements and the value of good governance
August 2024	Financial management arrangements
September 2024	Overview of financial reporting
November 2024	Role of External Audit

In addition, any specific areas for development noted by Members through the completion of the knowledge and skills assessments will be followed up on a 1-1 basis to ensure Members are adequately supported in their role.