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# NORTH AYRSHIRE COUNCIL

14 November 2023

## Audit and Scrutiny Committee

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**Title:** Audit and Scrutiny Committee Self-Evaluation 2023

**Purpose:** To report on the outcome of the annual self-evaluation of the Audit and Scrutiny Committee.

**Recommendation:** That the Committee (a) notes the findings of the self-evaluation, as set out at Appendix 1; (b) agrees the improvement actions identified in Appendix 2; and (c) agrees to repeat the self-evaluation exercise on an annual basis.

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### 1. Executive Summary

- 1.1 The purpose of this report is to confirm the outcome of the Audit and Scrutiny Committee's self-assessment process for 2023, which was undertaken on 6<sup>th</sup> November 2023.
- 1.2 The findings of the self-evaluation are set out at Appendix 1, with an associated action plan provided at Appendix 2.

### 2. Background

- 2.1 Self-evaluation assessment forms part of the standard operating procedures of the Audit & Scrutiny Committee following recommendations from Deloitte LLP, the Council's former external auditor.
- 2.2 Central to the process for 2023 was the up to date CIPFA publication "Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition", with the evaluation carried out with specific reference to Appendix E "Self Assessment of Good Practice". The checklist has been added to, in order to ensure coverage of the scrutiny element as this relates to the remit of the Audit and Scrutiny Committee.
- 2.3 The self-evaluation toolkit set out at Appendix 1 comprises 32 questions covering all aspects of the committee's work under the broad headings of:
  - Audit Committee Purpose and Governance
  - Functions of the Committee
  - Membership and Support
  - Effectiveness of the Committee

- 2.4 Members of the Audit and Scrutiny Committee were invited to consider the self-evaluation questions independently in the first instance, before coming together for a discussion session, facilitated by the Senior Manager (Audit, Fraud, Safety & Risk) on 6 November 2023.
- 2.5 Appendix 1 to the report sets out the outcome of the discussion sessions, in terms of collating the consensus responses to the toolkit questions.
- 2.6 Appendix 2 sets out the action plan arising from the self-evaluation.

### **3. Proposals**

- 3.1 It is proposed that the Committee (a) notes the findings of the self-evaluation, as set out at Appendix 1; (b) agrees the improvement actions identified in Appendix 2; and (c) agrees to repeat the self-evaluation exercise on an annual basis.

### **4. Implications/Socio-economic Duty**

#### **Financial**

- 4.1 None.

#### **Human Resources**

- 4.2 None.

#### **Legal**

- 4.3 None.

#### **Equality/Socio-economic**

- 4.4 None.

#### **Climate Change and Carbon**

- 4.5 None.

#### **Key Priorities**

- 4.6 None.

#### **Community Wealth Building**

- 4.7 None.

### **5. Consultation**

- 5.1 All Members of the Audit and Scrutiny Committee were invited to contribute to the self-evaluation.

Aileen Craig  
Head of Service (Democratic)

For further information please contact **Aileen Craig, Head of Service (Democratic)**, on **01294 324125**.

**Background Papers**

None

**APPENDIX 1 – FINDINGS FROM SELF-EVALUATION EXERCISE 2023**

		Does not comply	Partially complies and extent of improvement needed*			Fully complies	Evidence	Action point
		Major improvement (0)	Significant improvement (1)	Moderate improvement (2)	Minor improvement (3)	No further improvement (5)		
<b>Audit Committee Purpose and Governance</b>								
1.	Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?					5	Committee covers both audit and scrutiny functions. No plans for this to be split out. The view of the S95 Officer, Monitoring Officer and CAE is that the committee benefits from both roles and is greater than the sum of the parts. This is recognised by the external auditors who have witnessed and acknowledged good levels of scrutiny.	
2.	Does the audit committee report directly to the governing body (full council)?					5		
3.	Has the committee maintained its advisory role by not taking on any decision-making powers?					5		
4.	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?					5	The terms of reference are set out in the Council's Scheme of Administration (SOA), which is subject to annual review by the Council.	
5.	Do all those charged with governance and in leadership roles have a good understanding of					5	The SOA forms part of the Elected Member induction programme for new Members. The SOA is published on the Council's website and is accessible to Members, officers and	

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	the role and purpose of the committee?						the public.	
6.	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?					5	Audit and Scrutiny Committee is attended by senior officers across the council. Governance is controlled through the tracking of audit and fraud recommendations and actions	
7.	Does the governing body hold the audit committee to account for its performance at least annually?					5	Business is interacted in the public domain, with all reports and minutes made public. This allows for scrutiny by the full governing body.	
8.	Does the committee publish an annual report in accordance with the 2022 guidance, including:							
	<ul style="list-style-type: none"> <li>compliance with the CIPFA Position Statement 2022</li> </ul>				3		The committee does not currently produce an annual report or action plan. Members consider that to do so would represent duplication, in that its Minutes set out all of the business which has been transacted and this information is placed in the public domain.	This matter will be kept under review as part of the annual self-evaluation process
	<ul style="list-style-type: none"> <li>results of the annual evaluation, development work undertaken and planned improvements</li> </ul>				3			
	<ul style="list-style-type: none"> <li>how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>				3			

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<b>Functions of the committee</b>								
9.	Do the committee’s terms of reference explicitly address all the core areas identified in CIPFA’s Position Statement as follows?							
	Governance arrangements					5	All of the elements mentioned are included within the committee’s terms of reference, as set out in the Scheme of Administration	
	Risk management arrangements					5		
	Internal control arrangements, including: <ul style="list-style-type: none"> <li>• financial management</li> <li>• value for money</li> <li>• ethics and standards</li> <li>• counter fraud and corruption</li> </ul>					5		
	Annual governance statement					5		
	Financial reporting					5		
	Assurance framework					5		
	Internal audit					5		

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	External audit					5		
	Scrutiny					5		
10.	Over the last year, has adequate consideration been given to all core areas?				3			Improvement could be made via the introduction of an agenda item to consider future topics for committee consideration, and proposal to introduce a standing agenda item for scrutiny.
11.	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?					5		
12.	Has the committee met privately with the external auditors and head of internal audit in the last year?					5	Discussion with the chief internal and external auditors take place. These discussions tend to be in public, in the course of committee meetings. In addition, however, the Chair holds Pre-Agenda meetings with officers in private and there is also provision for the chief internal auditor to meet with the Chair if required.	

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13.	Does the committee consider key matters of their own initiative rather than relying solely on the work of the internal/external auditor or responding to call-in requests?				3		Although the committee has not formally initiated any reviews, discussion has taken place on possible topics for future committee consideration. The committee consider a programme of annual scrutiny activity. Committee members can have an information discussion following each meeting to discuss future agenda items.	An agenda item to consider future topics for committee consideration.
14.	Does the committee agree an annual programme of scrutiny and review activity?		1				Officers have been asked to submit an annual report to the committee proposing a programme of scrutiny and review work.	It is proposed there will be a standing agenda item for areas of Scrutiny.
15.	Does the committee have sufficient resources to undertake investigations or review work?					5	The committee has received an assurance that the necessary resources would be made available to it in order to conduct reviews	
<b>Membership and support</b>								
16.	Has the committee been established in accordance with the 2022 guidance as follows?							
	<ul style="list-style-type: none"> <li>Separation from executive</li> </ul>					5		
	<ul style="list-style-type: none"> <li>A size that is not unwieldy and avoids use of substitutes</li> </ul>					5		



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	<ul style="list-style-type: none"> <li>Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA’s recommendation</li> </ul>	0						Inclusion of such members is not considered to be of added value at this time, however this will remain under consideration at the annual review
17.	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?					5	<p>New Members receive a full induction programme which includes the remit of the Audit and Scrutiny Committee. Additional training is also available on specific areas such as cyber security. A number of other relevant topics are delivered to all Members as part of the wider training and development programme.</p> <p>Chair and Vice Chair recently attended session with Diana Melville from CIPFA on ‘untapped potential in internal audit’.</p>	Further external training through the Improvement Service is being considered
18.	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?				3	<p>Members have the opportunity to undertake a PPD exercise annually to identify training and development needs. There is also scope for Members to participate in 360-degree appraisal, as well as one-to-one feedback.</p> <p>The Committee also receives an annual report on Member training</p>	Members of the Committee to consider what formal training needs they may require.	

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							<p>which reviews past training and consults on ways to improve.</p> <p>Members of the committee agree that the Chair is knowledgeable and capable in his role.</p>	
19.	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					5	<p>Members have the opportunity to undertake a PPD exercise annually to identify training and development needs. There is also scope for Members to participate in 360-degree appraisal, as well as one-to-one feedback. In addition, Members can contact the Monitoring Officer or s95 Officer for any specific assistance they require. The Committee also receives an annual report on Member training which reviews past training and consults on ways to improve.</p> <p>Recent Internal Audit training for the Chair and Vice Chair delivered by CIPFA. Sept 2023.</p>	
20.	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					5	<p>The committee is chaired by an elected member with significant experience of local government and this is extended through the wider membership of the committee along with more recently appointed elected members.</p>	

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21.	Is adequate secretariat and administrative support provided to the committee?					5	The draft Agenda is discussed in detail with the Chair/Vice-Chair at a Pre- Agenda meeting and the finalised Agenda then issued at least three clear days prior to the meeting. Papers are circulated in advance of the meeting as part of the Agenda. The standard report template includes sections setting out the proposals and detailed recommendations.	
22.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					5	The committee has a positive and constructive relationship with officers of the Council and the Council's external auditors. Both attend committee to present their reports and are available to meet with the Chair outwith meetings. This was recognised as a strength in the Best Value Audit report.	
<b>Effectiveness of the committee</b>								
23.	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					5	The committee has not formally sought feedback on its performance. Members feel it would be difficult to establish who would be surveyed and how the outcome might be usefully interpreted. For instance, a petitioner attending a meeting of the Audit and Scrutiny Committee to speak to their petition, or an Elected Member attending to present a call-in request, might be	

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							satisfied with the committee’s work if they achieve their desired outcome, but this in itself will not necessarily be an effective gauge of the committee’s effectiveness. It is not considered in the nature of the governance function of this committee to attract positive feedback as such. Audit Scotland have however very recently commented on the effectiveness of the committee.	
24.	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					5	The Chair is the Depute Leader of the Labour Group and is experienced in chairing this and other meetings. Members of the committee agree that he is knowledgeable and capable in his role as Chair.	
25.	Are meetings effective with a good level of discussion and engagement from all the members?					5	Members of the committee do engage and ask questions of officers and others attending the committee, and can ask for further clarification or reports, as required. The nature of the questions asked is summarised briefly in the Minutes.	
26.	Has the committee maintained a non-political approach to discussions throughout?					5	No party whip has been declared at any meetings of the committee and its members are able to bring an independent mindset to their role	

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27.	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?					5	This is a regular standing feature of the committee	
28.	Does the committee make recommendations for the improvement of governance, risk and control arrangements?					5		
29.	Do audit committee recommendations have traction with those in leadership roles?					5	The ELT is provided with feedback on recommendations and comments from the committee as well as having sight of the formal Minutes.	
30.	Has the committee evaluated whether and how it is adding value to the organisation?					5	The evaluation conducted under Appendices E & F are an assessment of value added.	
31.	Does the committee have an action plan to improve any areas of weakness?					5	This will flow from the Nov 2023 self-assessment being carried out.	
32.	Has this assessment been undertaken collaboratively with the audit committee members?					5	The current self-evaluation process offers an opportunity and mechanism for the committee to assess its effectiveness. Due to the current Committee being in place from the Local Government election in May 2022, this is the first self-	

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							evaluation exercise of the new administration. The exercise will now take place on an annual basis as was previous practice.	
	<b>Subtotal score</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>18</b>	<b>180</b>		
	<b>Total score</b>					<b>199</b>		
	<b>Maximum possible score</b>					<b>220**</b>		

\*\* Original CIPFA checklist was a maximum possible score out of 200. Four questions from the previous toolkit have been added to take account of the committee’s scrutiny role, bringing the total maximum possible score to 220.

## APPENDIX 2 – ACTION PLAN

Checklist Section	Checklist Question	Action	Timescale	Responsible Officer
Audit Committee Purpose and Governance	Does the committee publish an annual report in accordance with the 2022 guidance, including: <ul style="list-style-type: none"> <li>• compliance with the CIPFA Position Statement 2022</li> <li>• results of the annual evaluation, development work undertaken and planned improvements</li> <li>• how it has fulfilled its terms of reference and the key issues escalated in the year?</li> </ul>	This point is considered to be a duplication of the reports, minutes and recordings of meetings which are already heard and made available in the public domain. To be kept under review and considered at the time of the next self-evaluation exercise in 2024.	November 2024	Audit & Scrutiny Committee
Functions of the Committee	Over the last year, has adequate consideration been given to all core areas?	Standing agenda item to be introduced for items of scrutiny.	January 2024	Monitoring Officer
	Does the committee agree an annual programme of scrutiny and review activity?			
	Does the committee consider key matters of their own initiative rather than relying solely on the work of the internal/external auditor or responding to call-in requests?	Agenda item to be included (such as a forward planner) to enable the committee to identify future topics for consideration.	January 2024	Monitoring Officer
Membership and Support	Has the committee been established in accordance with the 2022 guidance as follows? <ul style="list-style-type: none"> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>	Inclusion of such members is not considered to be of added value at this time, however this will remain under consideration at the annual review.	November 2024	Audit & Scrutiny Committee
	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	Further external training through the Improvement Service is being considered.	April 2024	Monitoring Officer
	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	Members of the Committee to consider what further formal training needs they may require.	April 2024	Audit & Scrutiny Committee