

**South Ayrshire Council**

**Joint Report by Head of Finance, ICT and Procurement  
and Head of Legal and Regulatory Services  
to Audit and Governance Panel  
of 6 December 2023**

---

**Subject:     Audit and Governance Panel – 2023 Annual Self-  
Assessment Outcome**

---

**1.        Purpose**

1.1       The purpose of this report is to confirm the outcome of the Audit and Governance Panel Self-Assessment for 2023, which was undertaken on 7 September 2023; and to seek agreement of the resulting action plan.

**2.        Recommendation**

**2.1       It is recommended that the Panel:**

**2.1.1     notes the outcome of the 2023 self-assessment, as set out in 4.1 to 4.6 below and related completed checklist in Appendix 1;**

**2.1.2     approves the action plan for improvements per Appendix 3; and**

**2.1.3     agrees to receive an annual joint report by the Head of Legal and Regulatory Services and the Head of Finance, ICT and Procurement in May 2024 outlining the work of the Audit and Governance Panel for the financial year 2023-24 (per Action 1 in Appendix 3); and agrees thereafter to remit the report to Council in June 2024.**

**3.        Background**

3.1       The Audit and Governance Panel (AGP) previously undertook an informal self-assessment in August 2021. Following the 2021 assessment it was agreed that the next assessment would take place after a period of two years, in September 2023.

3.2       The format of the self-assessment undertaken in 2021 comprised 65 individual questions and whilst the outcome of the assessment was generally a positive one, with the work of the Panel being considered effective there was no formal reporting of the outcome of the assessment and, due to the number and style of the questions involved, the overall process was considered overly cumbersome by officers with no effective mechanism for assessing performance of the Panel and measuring further improvement opportunities.

3.3/

- 3.3 For 2023 officers identified the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition', with particular reference to the 'Self-Assessment of Good Practice – Checklist' provided within that document, as being an appropriate mechanism for this year's self-assessment process.
- 3.4 As per the previous self-assessment, Committee members undertook the process in an informal, workshop style session, rather than within a formal Panel meeting format, being aware that the Head of Legal and Regulatory Services and the Head of Finance, ICT and Procurement would provide a joint formal report to the AGP on the considerations and outcomes from the session.
- 3.5 In advance of the self-assessment discussion Members of the Panel were issued with the CIPFA documentation and checklist to aid the informal discussion on the day of the assessment. It was considered that this approach would allow a better opportunity for members to think through and respond to the range of questions in the Checklist.
- 3.6 The assessment took place on 7 September 2023 with six of the eight AGP members attending in person or online, along with support from the Head of Finance, ICT and Procurement, the Service Lead - Democratic Governance and the Chief Internal Auditor.

#### **4. Proposals**

- 4.1 The self-assessment checklist, attached as Appendix 1, has been prepared following the discussions at the self-assessment session held on 7 September 2023 and collectively represent the views of all Members of the AGP.
- 4.2 The checklist contains 29 high level questions with several sub questions contained therein. For each question in the checklist a five-point weighted score of between zero and five is available for selection, with zero being: Major Improvement required and five being: No Further Improvement required. There are a total of 40 questions and sub questions, meaning that a maximum score of 200 is possible.
- 4.3 Appendix 1 indicates that an assessed overall score of 159 has been achieved for 2023.
- 4.4 In general terms, the outcome of the self-assessment 2023, as evidenced by the score of 159 out of 200, and was broadly similar to 2021 (although not directly comparable due to the change in methodology), with Members being satisfied with the effectiveness of the Panel in undertaking its role and discharging its functions within the Council's decision-making arrangements in most respects. Appendix 2 provides a brief commentary for each question, drawn from the discussions on the day.
- 4.5 Notwithstanding the considered overall general effectiveness of the Panel, a small number of important matters were raised relative to which actions for improvement are required, and these are captured in the Action Plan provided at Appendix 3.
- 4.6 It is recommended that the AGP agrees the improvement activity contained in the Action Plan (Appendix 3) and note that the self-assessment process will now take place annually in September. In addition, an annual joint report will be presented to the AGP by the Head of Legal and Regulatory Services and the Head of Finance, ICT and Procurement in May each year, outlining the work of the AGP for the

previous financial year. Following approval by the Panel, the report will be remitted to Council for consideration.

## **5. Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

6.1 Not applicable.

## **7. Human Resources Implications**

7.1 Not applicable.

## **8. Risk**

### **8.1 *Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

### **8.2 *Risk Implications of Rejecting the Recommendations***

8.2.1 Rejecting the recommendations may result in missed opportunities for strengthening the role of the AGP in providing an independent and high-level resource to support good governance and strong public financial management as laid out in CIPFA's 'Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition'

## **9. Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 4.

## **10. Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## **11. Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## **12. Link to Council Plan**

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

### **13. Results of Consultation**

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

**Background Papers**     **CIPFA document - Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition and Self-Assessment of Good Practice – Checklist**

**Person to Contact**     **Tim Baulk, Head of Finance, ICT and Procurement  
County Buildings, Wellington Square, Ayr, KA7 1DR  
Phone 01292 612620  
E-mail [tim.baulk@south-ayrshire.gov.uk](mailto:tim.baulk@south-ayrshire.gov.uk)**

**Catriona Caves, Head of Legal and Regulatory Services  
County Buildings, Wellington Square, Ayr, KA7 1DR  
Phone 01292 612556  
E-mail [catriona.caves@south-ayrshire.gov.uk](mailto:catriona.caves@south-ayrshire.gov.uk)**

**Date: 23 November 2023**

## APPENDIX E

# Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. 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.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply				Fully complies
	Partially complies and extent of improvement needed*				
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

## Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

\* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Fully complies
	Partially complies and extent of improvement needed					
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement	
Weighting of answers	0	1	2	3	5	
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>						
<ul style="list-style-type: none"> <li>results of the annual evaluation, development work undertaken and planned improvements</li> </ul>						
<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>						
<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						
Risk management arrangements						
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>						
Annual governance statement						
Financial reporting						
Assurance framework						
Internal audit						
External audit						
10 Over the last year, has adequate consideration been given to all core areas?						
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?						
12 Has the committee met privately with the external auditors and head of internal audit in the last year?						

Good practice questions	Partially complies and extent of improvement needed				Fully complies	
	Does not comply	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5	

**Membership and support**

<p><b>13</b> Has the committee been established in accordance with the 2022 guidance as follows?</p> <ul style="list-style-type: none"> <li>• Separation from executive</li> <li>• A size that is not unwieldy and avoids use of substitutes</li> <li>• Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation</li> </ul>					
<b>14</b> Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?					
<b>15</b> Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?					
<b>16</b> Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?					
<b>17</b> Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?					
<b>18</b> Is adequate secretariat and administrative support provided to the committee?					
<b>19</b> Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?					

**Effectiveness of the committee**

<b>20</b> Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?					
<b>21</b> Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?					
<b>22</b> Are meetings effective with a good level of discussion and engagement from all the members?					
<b>23</b> Has the committee maintained a non-political approach to discussions throughout?					

Good practice questions	Partially complies and extent of improvement needed				Fully complies	
	Does not comply	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5	
24 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?						
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?						
26 Do audit committee recommendations have traction with those in leadership roles?						
27 Has the committee evaluated whether and how it is adding value to the organisation?						
28 Does the committee have an action plan to improve any areas of weakness?						
29 Has this assessment been undertaken collaboratively with the audit committee members?						
<b>Subtotal score</b>						
<b>Total score</b>						
<b>Maximum possible score</b>						<b>200**</b>

\*\* 40 questions/sub-questions multiplied by five.



## Checklist Commentary and Link to Action Plan

Question	Score	Comment
1	5	It is considered that AGP effectively fulfils its role within the Council's overall decision-making arrangements based on the Terms of Reference as set out in the Scheme of Delegation which provides for the Panel to have a wider role than just that of an audit committee. These arrangements continue to work well and accordingly, notwithstanding the nature of the question, it is considered that no further improvement is required on this point.
2	3	Minutes of the meeting of the AGP are submitted to Council for information however no formal reporting take place. It is considered appropriate to introduce an annual report on AGP activity that is considered and approved by the AGP and then remitted to Full Council for consideration <b>Action Plan – Action 1</b>
3	5	Decision making powers are limited and strictly as provided for within the Terms of Reference. Regarding service-related matters that come before the Panel, it is the role of APG to review and make recommendations to the appropriate decision-making authority within the Council.
4	5	The purpose of an audit committee as set out in the CIPFA Position Statement is reflected within the AGP Terms of Reference in respect of its audit committee functions.
5	5	It is considered that there is a good understanding of the role of the Committee by those charged with governance and in leadership roles, which is a result of training received and experience gained as members of the Panel.
6	5	It is considered that suitable mechanisms are provided for within the Council's decision-making arrangements and within the protocols for the operation of AGP to ensure that any issues or concerns identified by Panel are promptly taken forward.
7	0	Currently not compliant with this good practice recommendation. The development and introduction of an annual report to Full Council on the activity of the AGP would meet this requirement. <b>Action Plan – Action 1</b>
8 (i), (ii), (iii)	0	Currently not compliant with this good practice recommendation. The development and introduction of an annual report to Full Council on the activity of the AGP would meet this requirement. <b>Action Plan – Action 1</b>
9 (i) to (viii)	5	All the areas are included within the AGP's Terms of Reference.
10	5	All core areas covered as evidenced by the range of business dealt with by AGP during the course of the year.
11	5	The Scheme of Delegation provides for the Panel to have a wider role than just that of an audit committee. The wider areas specified within CIPFA guidance relate to Treasury and Corporate Improvement (Best Value) - AGP receives reports on these matters on a regular basis. These wider scope arrangements continue to work well and accordingly, notwithstanding the nature of the question, it is considered that no further improvement is required on this point.
12	2	The Chair (and former Chair) and vice chair have met privately on an informal basis with external auditors twice during 2023 and meet regularly with the Chief Internal Auditor prior to each scheduled Panel date. The views of the Council's current external auditor, Audit Scotland, will be sought as to

Question	Score	Comment
		whether it is appropriate that the private meetings be expanded to all members of the Panel. <b>Action Plan – Action 2</b>
13 (i)	5	This is evidenced through the Panel’s Terms of Reference within the wider Scheme of Delegation
13 (ii)	5	The size of the Panel is commensurate with its role and the wider requirements and responsibilities placed on Elected Members generally in populating Cabinet and other Panels to ensure effective decision making within the Council.
13 (iii)	5	It is not considered that such appointments would have the potential to significantly enhance the effectiveness of the Panel at this time therefore no further improvement required.
14	5	It is considered that the current membership of the Panel is commensurate with the wider requirements and responsibilities placed on Elected Members generally in populating Cabinet and other Panels to ensure effective decision making within the Council.
15	5	An assessment of training needs was undertaken as part of the induction process following the Local Government elections in May 2022. Further training has been provided in recent weeks. It is recognised that skills and knowledge of Panel members will continue to develop going forward through further experience and training, as required.
16	5	Training on the Panel’s functions was provided to Panel members in 2022, as part of the induction arrangements at the start of the current Council term. . It is recognised that skills and knowledge of Panel members will continue to develop going forward through further experience and training, as required.
17	5	It is considered that the Panel is currently undertaking its role effectively on the basis of the knowledge and experience of Panel members.
18	5	Appropriate support is provided by the Committee Services team within the Democratic Services function.
19	5	Good working relationships are in place with key staff and organisations such as external audit, as evidenced by the range of business dealt with by the Panel and the nature of engagement.
20	0	This is not something that is being undertaken currently therefore it is proposed that a mechanism be developed to obtain feedback from Elected Members and officers of the Council and include results in the annual report to Council. <b>Action Plan – Action 3</b>
21	5	It is considered that meetings are well chaired, recognising the learning aspects for all Panel members over the last year, and the recent appointment of a new Chair.
22	3	Meetings are considered effective and there is a good level of discussion and engagement on agenda items, however there is always room for improvement to encourage further engagement from all members. <b>Action Plan – Action 4</b>
23	5	Recognising that the Panel operates within a political environment, it is considered that the approach and discussions remain non-political.
24	5	Engagement is evidenced by the reports dealt with by the Panel at meetings provided by the Chief Auditor and the External Auditor, and active participation in discussions at meetings by the appropriate responsible officers.
25	5	Evidenced by Panel’s consideration of reports relative to governance, risk and control arrangement, which feature within the workplan. Panel make recommendations for improvements when needed.

Question	Score	Comment
26	5	The nature of relationships and engagement between the Panel and those key officers concerned with audit committee functions ensure that any recommendations which may arise are implemented. All arising actions are monitored and compliance is reported back to Panel at various points during the workplan cycle.
27	1	An AGP self-assessment was undertaken in 2021 to determine the effectiveness of the Panel however this was not formally considered at Panel. The introduction of the new Cipfa self-assessment checklist approach annually will allow the effectiveness of the Panel to be more readily measured and improvements identified, implemented and monitored. <b>Action Plan – Action 5</b>
28	2	A formal approved action plan did not feature as part of the previous self-assessment process in 2021 however an action plan has been included as part of this year’s 2023 self-assessment evaluation report. <b>Action Plan – Action 5</b>
29	5	This self-assessment was undertaken by members of the Audit and Governance Panel which has responsibility for audit committee functions along with support from the Head of Finance, ICT and Procurement, The Service Lead- Democratic services and the Chief Internal Auditor.
<b>Total Score</b>	<b>159</b>	

Action Plan

Action	Self-Assessment Ref.	Good practice assessment	Proposed action	Responsible Officer	Due date
1	<p>Question 2 – Does the Audit Committee report directly to the governing body (full council)</p> <p>Question 7 – Does the governing body hold the audit committee to account for its performance at least annually?</p> <p>Question 8 – Does the committee publish an annual report in accordance with the 2022 guidance including:</p> <ul style="list-style-type: none"> <li>• Compliance with the CIPFA position statement</li> <li>• Results of the annual evaluation, development work</li> </ul>	<p>Minor improvement</p> <p>Major Improvement</p> <p>Major Improvement</p>	<p>Introduce an annual report on the activities of the AGP to be considered and approved by AGP and then remitted to Council for consideration</p> <p>Include relevant evaluation information and areas for development in the self-assessment reporting (Dec 2023) and include compliance information in the annual report to Council</p>	Service Lead – Democratic Governance	June 2024
2	Question 12 - Has the committee met privately with the external auditors and head of internal audit in the last year?	Moderate Improvement	Engage with Audit Scotland to seek to widen private discussions beyond Chair and Vice Chair to all AGP members	Head of Finance, ICT and Procurement	June 2024
3	Question 20 – Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	Major Improvement	Develop and implement mechanisms for obtaining feedback from Elected Members and officers of the Council and include results in the annual report to Council	Service Lead – Democratic Governance	June 2024

<b>Action</b>	<b>Self-Assessment Ref.</b>	<b>Good practice assessment</b>	<b>Proposed action</b>	<b>Responsible Officer</b>	<b>Due date</b>
<b>4</b>	Question 22 - Are meetings effective with a good level of discussion and engagement from all the members?	Minor Improvement	Members of the AGP should be encouraged to contribute and engage in the scrutiny process whenever possible	Chair and Members of the Panel	Oct 2024
<b>5</b>	Question 27 - Has the committee evaluated whether and how it is adding value to the organisation?  Question 28 - Does the committee have an action plan to improve any areas of weakness?	Major Improvement  Moderate Improvement	Self-assessment to be undertaken annually (Sept) with outcomes to be considered by AGP each December and annual report to be consider by full Council in June each year.  Annual self-assessment to include action plan for areas of improvement	Service Lead – Democratic Governance	Dec 2023 and then annually

**South Ayrshire Council  
Equality Impact Assessment  
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

## 1. Policy details

Policy Title	Annual Self-Assessment 2023
Lead Officer (Name/Position/Email)	Tim Baulk, Head of Finance, ICT and Procurement <a href="mailto:tim.baulk@south-ayrshire.gov.uk">tim.baulk@south-ayrshire.gov.uk</a>  Catriona Caves, Head of Legal and Regulatory Services – <a href="mailto:catriona.caves@south-ayrshire.gov.uk">catriona.caves@south-ayrshire.gov.uk</a>

**2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts**

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-
Sex – (issues specific to women & men or girls & boys)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

**3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.**

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

**4. Do you have evidence or reason to believe that the policy will support the Council to:**

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
<b>Eliminate unlawful discrimination, harassment and victimisation</b>	Low
<b>Advance equality of opportunity</b> between people who share a protected characteristic and those who do not	Low
<b>Foster good relations</b> between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low
Increase participation of particular communities or groups in public life	Low
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

## 5. Summary Assessment

<b>Is a full Equality Impact Assessment required?</b> (A full Equality Impact Assessment must be carried out if impacts identified as <b>Medium and/or High</b> )	<del>YES</del> <b>NO</b>
<b>Rationale for decision:</b>  <b>This report confirms the outcome of the Audit and Governance Panel Self-Assessment for 2023. Members' decision on this has no specific equality implications</b>	
<b>Signed:</b> Tim Baulk	<b>Head of Service</b>
<b>Date:</b> 9 October 2023	