Aberdeenshire
C O U N C I L **(Business Services)**

REPORT TO AUDIT COMMITTEE – 1 JULY 2021

TRAINING AND SUPPORT FOR MEMBERS OF THE AUDIT COMMITTEE

1   Reason for Report / Summary

1.1   This report seeks approval for a programme of training and support for members of the Audit Committee, with particular focus on a comprehensive induction for new Members at the start of the next Council term.

2   Recommendations

The Committee is recommended to:

2.1   Consider the review of the attendance and work of the Committee and the summary of survey responses from Members at Appendix 1;

2.2   Consider and comment on the draft programme of training at Appendix 2;

2.3   Approve the programme of training for 2021/2022 at Appendix 2; and

2.4   Agree that actions HGIOG 6.1 and HGIOG 6.2 in the How Good is Our Governance Action Plan 2020 can now be marked as complete.

3   Purpose and Decision Making Route

3.1   At its meeting on 29 October 2020 the Committee considered the outcome of the How Good is Our Governance (HGIOG) self-evaluation surveys, which included specific improvement actions relating to the structure and function of the Audit Committee. In particular, the following actions were incorporated into the HGIOG 2020 Action Plan following feedback from the surveys:-

"HGIOG 6.1 - Tailored and informal training supported by officers/external trainers.

HGIOG 6.2 - Review attendance and work to identify and reduce barriers to attendance/participation of Members and level of Substitute Members."

Further discussion on the survey outcomes took place at a workshop with Members of the Audit Committee on 7 December 2020, which again identified a need for increased training and support. The HGIOG 2020 Action Plan was subsequently incorporated into the wider Corporate Improvement Plan which was last considered by this Committee on 20th May 2021.

3.2   A survey was undertaken with both substantive and substitute Members of the Committee in May of this year. Comments received have been incorporated into the proposals in this report.

4   Discussion

HGIOG 2020 Self-Evaluation Outcome

4.1   The HGIOG 2020 self-evaluation process identified a number of key strengths and areas for improvement within the setting of the Audit Committee. In particular, it was noted that there has been confusion over the role and remit of the Committee, and that more could be done to support the development of the Committee to work consistently and effectively. Tailored and informed training was identified as a clear need in order to achieve greater consistency across all Members, including substitutes. Further discussion at the HGIOG workshop on 7 December 2020 again focused on the emerging theme of support and training. Comments from the workshop included:-

(i)   Refresh induction process for all Councillors on scrutiny and audit roles, particularly however Audit Committee Members.
(ii)   Better training for new Members. Training tools need to be utilized in a better way.
(iii)   Substitute Members not having capacity/experience due to irregularity of meetings attendances.
(iv)   Feedback on how members are performing would be helpful. Consider training tools.

Review of attendance and work of the Committee

4.2   The Audit Committee is a fourteen-member committee, appointed in line with the political proportionality agreed by Full Council, with 14 substantive and 13 substitute Members. The Committee is non-political and chaired by a member of the Opposition. Members are of differing backgrounds, thereby enabling a variety of expertise across subject matters.

4.3   The work of the Committee is varied and diverse. At its meeting on 4 February 2021 the Committee agreed a Forward Plan for items of business which includes:-

- Internal Audit reports as well as Internal Audit Charter, Annual Report and Plan
- External Audit Reports
- Corporate Improvement Plan updates
- Code of Corporate Governance
- Annual Accounts
- Audit Scotland reports
- Annual Whistleblowing Report
- Annual Complaints Performance Report
- Data Protection Officers Annual Report

- Risk Management Arrangements

4.4 At its meeting on 25 March 2021, the Committee agreed a new format for Internal Audit reporting in order to aid Members in interpreting reports and focusing on more significant risks. Positive feedback has been received on the content of the new reports, and it is considered that the new format promotes accessibility and understanding of the issues the Committee requires to address in order to gain assurance on the internal audit reports and recommendations. Further information on the work of the Committee over the past twelve months can be found within the draft Annual Audit Report which will be considered by the Committee separately on this meeting agenda.

4.5 Between 1 April 2020 and 31 March 2021 the Committee met on seven separate occasions. A summary of attendance at those meetings is included in the table below.

Meeting Date	Apologies	Substantive	Substitutes	Total Members Present
21 May 2020	3	11	1	12
2 July 2020	2	12	0	12
17 September 2020	2	12	2	14
29 October 2020	1	13	1	14
10 December 2020	2	12	1	13
4 February 2021	2	12	0	12
25 March 2021	1	13	0	13

The summary shows that, more often than not, where apologies are given a substitute will not generally attend in place of the substantive member. From thirteen apologies from substantive members over a twelve-month period only five substitutes attended in their place.

4.6 A survey of both substantive and substitute Members of the Audit Committee was undertaken in May 2021 to assist in the preparation of this report. Twelve responses were received and a summary of relevant feedback forms Appendix 1 to this report.

4.7 Members were asked to identify perceived barriers to attendance and participation at Committee. Whilst there was some mention of challenges around conflicting diary commitments and lengths of agendas, the overarching theme emerging is in relation to a lack of comprehensive training, particularly at the induction stage. It is clear from Members' feedback that this has a critical part to play in engaging and encouraging Members' attendance and participation by ensuring they have the relevant knowledge and skills to apply from the outset. The results from the survey did not highlight any particular

concerns about the content of Committee agendas, rather the absence of the necessary foundations to build on in order to fulfil the role of an Audit Committee member.

4.8   The survey responses also indicated a preference for online meetings, and expressed a view that this has improved attendance by removing the requirement to travel to the meeting venue. An options appraisal for online and hybrid meetings is currently being developed and will be reported back to Full Council in September, therefore this feedback will be incorporated into that piece of work and taken forward separately.

4.9   Members were also asked to select preferred training topics as part of the survey to address an identified need. The most popular topics identified were practical skills for Audit Committee members, the scrutiny role of the Audit Committee and the relationship between Audit Committee and Council officers/internal and external audit/Committees. In terms of format, face-to-face sessions were noted as the preferred option, with Aldo training and written briefings a close second.

Proposals for training and support

4.10   Having regard to the HGIOG feedback and the responses from the most recent survey, a training programme has been developed and forms Appendix 2 to this report.

4.11   It is recognised that, with less than a year to go in the current Council term, there are limitations on what can be delivered and there will be an increased focus therefore on the development of a comprehensive induction programme for new Members of the Committee. However, in the short term a selection of topics has been identified to reflect both the preferences identified in the survey responses and the business planned for future meetings. Consideration will be given as to whether these sessions should be facilitated by Council officers or external trainers and discussions are already underway in this regard. Specific dates for the sessions will therefore be confirmed in due course once a trainer has been confirmed.

4.12   The overall preference for face-to-face sessions is noted, however it is also recognised that Members may require a degree of flexibility in the training tools available. In particular, a handbook for all Members will be developed by the end of 2021 to ensure easy access to relevant information and guidance to give them the confidence to fulfil their Committee role. This will be particularly aimed at increasing attendance by substitute members who may lack the experience of substantive members and require additional support. Written briefings will also be considered where appropriate and in response to particular needs identified or where specifically requested by the Committee.

4.13   In order to promote continuous improvement, feedback will be sought from Members on the training tools employed at appropriate stages in order to ensure the programme remains fit for purpose and meets any identified need. The Audit Committee will be asked to consider and approve the annual training

programme going forward, with the next report coming back to Committee at its first meeting following the local government elections in 2022. On that basis it is recommended that the two HGIOG actions (HGIOG 6.1 and 6.2) should now be marked as complete.

5   Council Priorities, Implications and Risk

5.1   This report helps deliver all six Strategic Priorities under the three Pillars by promoting the underlying principle of *"right people, right places, right time".*

Pillar	*Priority*
Our People	*Education* *Health & Wellbeing*
Our Environment	*Infrastructure* *Resilient Communities*
Our Economy	*Economy & Enterprise* *Estate Modernisation*

5.2   The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed.

Subject	Yes	No	N/A
Financial	X		
Staffing	X		
Equalities			X
Fairer Scotland Duty			X
Town Centre First			X
Sustainability			X
Children and Young People's Rights and Wellbeing			X

5.3   An equality impact assessment is not required because this report proposes a programme of training for the Audit Committee and does not have a differential impact on any of the protected characteristics.

5.4   There will be staffing implications in the development and delivery of the training programme, but it is considered that these can be met from existing resources. There may be financial implications in engaging external trainers and consideration will be given to whether costs can be met from existing budgets.

5.5   The following Corporate Risks have been identified as relevant to this matter on a Corporate Level:

- ACORP004 – business and organisation change (including ensuring governance structures support change; managing the pace of change)
- ACORP006 – reputation management including social media

6   Scheme of Governance

6.1   The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

6.2   The Committee is able to consider [and take a decision on] this item in terms of Section G.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it proposes a programme of training to enable the Committee to exercise the powers within its remit.

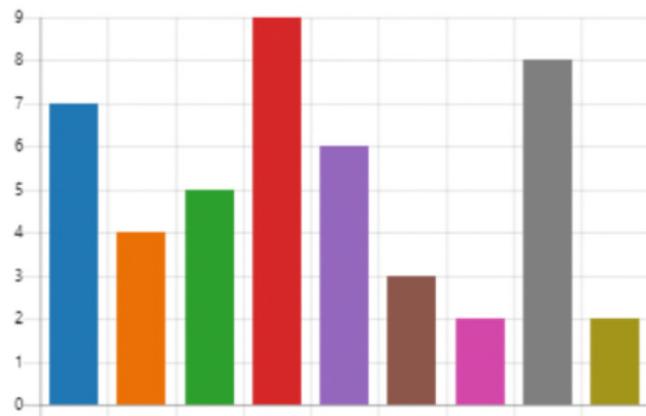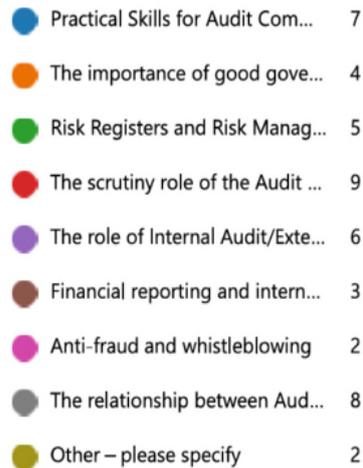**Ritchie Johnson, Director of Business Services**

Report prepared by Ruth O'Hare, Acting Legal Service Manager (Governance)
Date – 16 June 2021

List of Appendices
Appendix 1 – Summary of survey responses
Appendix 2 – Draft training programme

APPENDIX 1

What topics would you wish to see on an Audit Committee training programme?

●	Practical Skills for Audit Com...	7
●	The importance of good gove...	4
●	Risk Registers and Risk Manag...	5
●	The scrutiny role of the Audit ...	9
●	The role of Internal Audit/Exte...	6
●	Financial reporting and intern...	3
●	Anti-fraud and whistleblowing	2
●	The relationship between Aud...	8
●	Other – please specify	2

List of topics	No of answers
Practical Skills for Audit Committee members	7
The importance of good governance	4
Risk Registers and Risk Management	5
The Scrutiny role of the Audit Committee	9
The role of Internal Audit / External Audit	6
Financial Reporting and internal controls	3
Anti-fraud and whistleblowing	2
The relationship between Audit Committee and Council officers / internal and external audit / Committees	8
Other – please specify	2

What training materials would be of benefit to you?

Scheduled Face to Face sessio... 9

Aldo training that can be com... 7

Podcasts 2

Written briefings/frequently a... 7

Other – please specify 1

Training materials	No of answers
Scheduled face to face sessions with officers / external trainers with opportunity for questions and answers	9
Aldo training that can be completed on an individual basis	7
Podcasts	2
Written briefings / frequently asked questions	7
Other – please specify	1

In your opinion, what are the barriers that may prevent Members from attending and/or participating in meetings of the Audit Committee? Please specify.

- *Challenges with diary management*
- *Other work commitments*
- *Lack of interest in, or knowledge of, the subject matter of reports*
- *Length of agenda.*
- *Lack of confidence in scrutinising subject matter*

What do you think could be done to address any identified barriers?

- *Greater awareness of meeting dates - as early as possible.*
- *Groups should address the barriers their own members experience, independent members should take responsibility to do likewise themselves.*

- *A greater understanding of its importance and role at the induction stage for new councillors.*
- *New Members after the election should have a comprehensive training session of the role and responsibilities of the Audit Committee.*
- *Ensure regular breaks, having the ability not to attend face to face. Look at future hybrid scenario for meetings to allow a degree of flexibility.*
- *Training.*
- *Confidence (be that in public or through the screen) training.*

Is there anything else that would assist you in carrying out your role as a member of Audit Committee?

- *I have found meetings of the Audit Committee easy to follow and the officers help is always concise and knowledgeable.*
- *Ongoing training is much appreciated. I have been working hard to get myself a better understanding, discussions with my group members, and researched far and wide on the internet on how audit committees in other councils work, how audit committees function in businesses, etc. It has taken time, and still does.*
- *I feel when I started on Audit I should have had a more expansive training programme, I believe the lack of training left me trying to fathom what was going on myself and even after 4 years. I feel more training could be helpful.*
- *The training suggested above might help.*
- *With just a year of this term left, no, but I would hope my comments could be addressed for future new members.*
- *Regular sessions on all the above throughout the year and continuous through the entire electoral cycle.*

APPENDIX 2

<u>Audit Committee Training Programme – 2021/2022</u>

Training Sessions	
September 2021	**The scrutiny role of the Audit Committee (2hr)** The relationship between the Audit Committee, officers and other Committees in relation to scrutiny, where Audit fits in the organisational structure, the options available to the Audit Committee
November 2021	**The relationship between the Audit Committee and Internal Audit (2 hr)** The role of the internal auditor and how they differ from external audit, the key points at which internal audit and the committee work together .
February 2021	**Looking back and lessons learnt (2hr)** To form part of the next Audit Self-Evaluation, looking back at the work of the Committee, reviewing decisions and reports to determine effectiveness, considering approach to inform the induction and future training programme.
May/June 2022	**Induction Programme for the Audit Committee (6 hr)** A face-to-face induction for the Audit Committee, looking at roles and responsibilities, practical skills, internal systems, assurance, the different roles of auditors and other key officers and key concepts (risk, control, governance). N.B. Depending on content, this session may extend beyond the estimated timescale.