

South Ayrshire Council

**Joint Report by Chief Financial Officer
and Chief Governance Officer
to Audit and Governance Panel
of 3 December 2025**

Subject: Audit and Governance Panel – 2025 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 2025, which was undertaken on 30 September 2025; and to seek agreement of the resulting updated action plan.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 notes the outcome of the 2025 self-assessment, as set out in 4.1 to 4.6 below and related completed checklist in Appendix 1; and

2.1.2 approves the updated action plan for improvements per Appendix 3.

3. Background

- 3.1 At its meeting on 26 June 2025, the Council approved the Audit and Governance Panel (AGP) Annual Report for 2024/25 (following scrutiny by the AGP on 4 June 2025).

- 3.2 For 2025, officers again 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.

- 3.3 As per the previous self-assessment, Panel members undertook the process in an informal, workshop style session, rather than within a formal Panel meeting format, being aware that the Chief Governance Officer and the Chief Financial Officer would provide a joint formal report to the AGP on the considerations and outcomes from the session.

- 3.4 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.

3.5 The assessment took place on 30 September 2025 with five of the eight AGP members attending, along with support from the Chief Financial Officer, the Chief Internal Auditor and the Service Lead - Democratic Governance.

4. Detail

4.1 The self-assessment checklist, attached as Appendix 1, has been prepared following the discussions at the self-assessment session held on 30 September 2025 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 196 has been achieved for 2025.

4.4 In general terms, the outcome of the self-assessment 2025, as evidenced by the score of 196 out of 200, is an improvement in the effectiveness of the Panel, since the 2024 assessment, 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 updated action plan provided at Appendix 3.

4.6 It is recommended that the AGP agrees the updated action plan for improvements per Appendix 3.

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/

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. **Integrated Impact Assessment (incorporating Equalities)**

- 9.1 The proposals in this report do not require to be assessed through an Integrated Impact Assessment.

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. **Link to Shaping Our Future Council** Yes No

- 13.1 Not applicable.

14. **Results of Consultation**

- 14.1 There has been no public consultation on the contents of this report.
- 14.2 Consultation has taken place with Councillor Ian Davis, Policy Lead for Finance and Corporate Services, 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**

Report to Audit and Governance Panel of 4 June 2025 – [Audit and Governance Panel – 2024/25 Annual Report](#)

Report to South Ayrshire Council of 26 June 2025 – [Audit and Governance Panel – 2024/25 Annual Report](#)

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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	Partially complies and extent of improvement needed*			Fully complies
	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					Partially complies and extent of improvement needed			Fully complies	
	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"> compliance with the CIPFA Position Statement 2022 										
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 										
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 										
Functions of the committee										
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"> financial management value for money ethics and standards counter fraud and corruption 										
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	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?					
Subtotal score					
Total score					
Maximum possible score					200**

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

Checklist Commentary and Link to Action Plan

Question	Score	Comment	Previous score
1	5	Unchanged from prior year - 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.	5
2	5	Unchanged from prior year – An Annual Report on the activities of the AGP is considered and approved by AGP and then remitted to Council for consideration.	5
3	5	Unchanged from prior year - 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.	5
4	5	Unchanged from prior year - 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	5	Unchanged from prior year - 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.	5
6	5	Unchanged from prior year - 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.	5
7	5	Unchanged from prior year – An Annual Report on the activities of the AGP is considered and approved by AGP on an annual basis and then remitted to Council for consideration.	5
8 (i), (ii), (iii)	5(x3)	Unchanged from prior year – An Annual Report on the activities of the AGP is considered and approved by AGP and then remitted to Council for consideration. The report includes relevant evaluation information and areas for development identified in the self-assessment reporting and includes compliance information.	5(x3)
9 (i) to (viii)	5(x8)	Unchanged from prior year - All the areas are included within the AGP's Terms of Reference.	5(x8)
10	5	Unchanged from prior year - All core areas covered as evidenced by the range of business dealt with by AGP during the course of the year.	5
11	5	Unchanged from prior year - 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.	5
12	5	Improvement from prior year – The Chair and vice chair meet privately on an annual informal basis with external auditors and meet regularly	3

Question	Score	Comment	Previous score
		with the Chief Internal Auditor prior to each scheduled Panel date. During 2025 the CFO engaged with Audit Scotland to seek to widen private discussions beyond the Chair and Vice Chair to all AGP members. This was agreed with an informal meeting taking place in September 2025 with all members of the panel invited to attend. This meeting will now be embedded in future annual work cycles of the panel.	
13 (i)	5	Unchanged from prior year - This is evidenced through the Panel's Terms of Reference within the wider Scheme of Delegation	5
13 (ii)	5	Unchanged from prior year - 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.	5
13 (iii)	5	Unchanged from prior year - 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.	5
14	5	Unchanged from prior year - 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.	5
15	3	Unchanged from prior year - An assessment of training needs was undertaken as part of the induction process following the Local Government elections in May 2022. Further training has taken place in the intervening period on a range of topics. It is recognised that skills and knowledge of Panel members will continue to develop going forward through further experience and training, as required. An assessment should be undertaken annually to ensure appropriate training needs are addressed. Action Plan – Action 1	3
16	3	Unchanged from prior year - Training has taken place over the past three years on a range of topics. It is recognised that skills and knowledge of Panel members will continue to develop going forward through further experience. A training needs assessment should be undertaken annually to ensure appropriate requirements are addressed Action Plan – Action 1	3
17	5	Unchanged from prior year - It is considered that the Panel is currently undertaking its role effectively on the basis of the knowledge and experience of Panel members.	5
18	5	Unchanged from prior year - Appropriate support is provided by the Committee Services team within the Democratic Services function.	5
19	5	Unchanged from prior year - 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.	5
20	5	Unchanged from prior year – Feedback from Elected Members and officers of the Council is now sought at the end of each financial year and the results are included in the annual report to Council in June each year.	5
21	5	Unchanged from prior year - It is considered that meetings are well chaired.	5

Question	Score	Comment	Previous score
22	5	Unchanged from prior year – Following discussions at the 2023 Self - assessment session all members of the panel were encouraged to provide a greater contribution to scrutiny meetings. It is considered that this has improved and there is now a good level of discussion and engagement on agenda items.	5
23	5	Unchanged from prior year - Recognising that the Panel operates within a political environment, it is considered that the approach and discussions remain non-political.	5
24	5	Unchanged from prior year - 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.	5
25	5	Unchanged from prior year - 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.	5
26	5	Unchanged from prior year - 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.	5
27	5	Improvement from prior year –The introduction of the Cipfa self-assessment checklist approach in 2023 is now embedded in the work of the Audit and Governance Panel and allows the effectiveness of the Panel to be more readily measured and improvements identified, implemented and monitored.	3
28	5	Unchanged from prior year - The self-assessment process introduced in 2023 includes an action plan for any improvements identified and an evaluation of the outcome of the annual self-assessment continues to be included in the Annual Report to Council each June.	5
29	5	Unchanged from prior year - 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 Chief Financial Officer, the Service Lead- Democratic services and the Chief Internal Auditor.	5
Total Score	196		192

