

## **AUDIT AND GOVERNANCE PANEL (SPECIAL).**

Minutes of Special meeting in County Buildings, Wellington Square, Ayr  
on 24th September 2014 at 2.00 p.m.

Present: Councillors Brian Connolly (Chair), Douglas Campbell, Alec. Clark, Ian Cochrane, Ann Galbraith and Brian McGinley.

Apologies: Councillors Andy Campbell and John Hampton.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; T. Baulk, Head of Finance and ICT; D. Gillies, Head of Property and Risk; C. Boyd, Corporate Safety Manager; M. Leonard, Auditor, Performance, Appraisal and Audit; and E. Wyllie, Committee Services Officer.

Also Attending: Fiona Mitchell-Knight, Assistant Director (Audit Services), Dave Richardson, Audit Manager, and Sarah Lawton, Senior Auditor, Audit Scotland.

### **Opening Remarks.**

The Chair welcomed everyone to the meeting of this Panel.

#### **1. Declarations of Interest.**

There were no declarations of interest by Members of the Panel in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

#### **2. Report to those Charged with Governance on the 2013/14 Audit.**

There was submitted a report (issued) ([link attached](#)) of 17th September 2014 by the Head of Finance and ICT advising of the submission of accounts for the financial year to 31st March 2014 and the proposed Independent Auditor's report to Members of the Council, and to allow the Auditor to communicate the matters raised during the audit to the Panel.

Thereon, the Assistant Director (Audit Services) referred to the Audit Scotland report and Appendix A of this report and

- (1) commented that these were a good set of accounts and of a good standard and took the opportunity to thank the Head of Finance and ICT and his team for their assistance in this regard; and
- (2) highlighted that, in relation to Page 5 – audit opinion and representations - a small number of minor errors had now been corrected and also outlined various significant findings from the audit as detailed on Pages 6 and 7 of the document.

In relation to the group accounts, clarification was sought as to the ownership of properties purchased by Ayr Renaissance with Council funds, as previously agreed, and the Head of Finance and ICT explained that these would be owned by Ayr Renaissance.

The Panel, having thanked the Head of Finance and ICT and staff and the Auditors for their work

**Decided:** to authorise signature of the Accounts and submission of copies to Audit Scotland by 30th September 2014.

**3. Report to those Charged with Governance on the 2013/14 Audit of Charitable Trusts administered by South Ayrshire Council.**

There was submitted a report (issued) ([link attached](#)) of 17th September 2014 by the Head of Finance and ICT advising of the submission of accounts for those Charitable Trusts administered by South Ayrshire Council for the financial year to 31st March 2014 and the proposed Independent Auditor's report to Members of the Council, in their capacity as trustees, and to allow the Auditor to communicate the matters raised during the audit to the Panel.

Thereon, the Audit Manager referred to the Audit Scotland report and its various appendices and commented on the background and legislative requirements for this audit and took the opportunity to thank the Head of Finance and ICT and staff for their support in this matter.

The Chair advised that he had not received notification of any concerns from Trustees.

A Member of the Panel suggested that disbursement of trust funds could be delegated to a Panel on an annual decision-making basis. By way of background, the Executive Director – Resources, Governance and Organisation highlighted the complexities with the various trust funds in that different rules applied for the disbursement of funds and that this was an area needing reviewed as it was also costly to administer funds. She suggested that a review now be undertaken to endeavour to find ways to reduce the burden on staff and on Audit Scotland with the review findings being submitted to a future meeting of this Panel for discussion and thereafter to a meeting of the Council for its consideration.

The Audit Manager commented on the fees associated with this work and of the proposals for amalgamating some of the Trusts in accordance with OSCR. Further discussion took place in relation to the way in which a request could be made for an exemption fee to be applied and it was suggested that a letter be sent to COSLA in this regard.

The Panel

**Decided:** having thanked the Head of Finance and ICT and staff and the Auditors for their work

- (1) to authorise signature of the Charitable Trust Accounts and submission of copies to Audit Scotland by 30th September 2014; and
- (2) to agree that the Executive Director consider whether a letter to CoSLA would be appropriate regarding the requirement for a separate audit for charities and the additional fee resulting.

#### 4. **Strategic Risk Management.**

There was submitted a report (issued) ([link attached](#)) of 16th September 2014 by the Head of Property and Risk providing an update on the reviewed Strategic Risk Register – September 2014, attached as Appendix 1 of the report, in line with the agreed reporting framework.

General comments were made in relation to the removal of the target risk rating and the Corporate Safety Manager advised that this had been removed as the aim was to reduce the likelihood of risk. It was noted that a new risk had been added to the register relating to economic development (SR022) and it was also recognised that a strategic approach had been applied to the risks associated with ICT. In terms of monitoring risk ratings and whether these were showing signs of improvement over time, it was noted that an indication of direction of travel would be included in future reporting. Concerns were expressed in relation to there being no target figure as this made it difficult for Members to hold to account. The Head of Property and Risk advised that risk was being embedded into the work of the Council and contained within the Service and Improvement Plans which were open for scrutiny. He further indicated that the register related to the reporting of risk management and that services carried out risk mitigation.

The Chair referred to the risk areas contained within the document and invited comments from Members of the Panel.

In respect of strategic planning (SR002), it was noted that the process for service reviews had commenced with scoping work for the first two being presented to the Leadership Panel. It was further noted that the strategic risk register would be updated to include, as a mitigation, the work relating to visions and aims being undertaken by the Leadership Panel as part of the Best Value Audit follow up work.

With regards to child and adult protection (SR005), it was suggested that the Head of Children's Services and the Head of Community Care and Housing be asked for their feedback on the robustness of these procedures. In terms of reporting on such matters, it was recognised that services could be interrogated and that this was a two way process and evidence based approach.

A full discussion took place with regards to workforce and capacity planning (SR008). Comments were made regarding workforce motivation as a method of risk mitigation and the Head of Property and Risk advised that he would relay this to the Head of Employee and Customer Services. It was recognised though that some positive work was undertaken. In response to a query, the Head of Property and Risk commented that service standards and expectations of service delivery under contracted out service arrangements sat with the service rather than strategically but an overview position was kept on matters. Further remarks were made in relation to the regularity of policy updates to reflect current changes as well as whether enough was invested in training, support and mentoring to produce an agile and flexible workforce. It was recognised that the PDR was an avenue for exploring motivational and training opportunities with individual employees and that managers were fully informed to guide the PDR process. In terms of policies, it was noted that these were routinely reviewed to capture positive measures to reduce risks.

Comments were made in respect of the new risk category on economic development (SR022) and what measures were being undertaken to engage with social enterprise and the third sector. It was noted that the Head of Property and Risk would feed these comments back to the service.

Clarification was sought in relation to the Welfare Reform Act (SR018) and the current position with staff training and retention and also the position with the Customer Contact Centre. The Executive Director – Resources, Governance and Organisation confirmed that this area of work was more secure now but as further benefit changes came into force, this position would most likely fluctuate.

A question was asked if enough was being done to mitigate risk in respect of ICT resilience and protection (SR011) and it was noted that a number of resilience measures were in place and that testing was carried out. It was further recognised that this was an area of risk that was under review by external consultants at present and, if required, actions would be incorporated within the appropriate Service and Improvement Plans.

In terms of governance issues relating to the integration of health and social care (SR019), clarification was sought in respect of how any overspend associated with elderly care would be addressed. It was noted that ongoing discussion was currently exploring how such a position would be addressed.

A discussion took place in relation to public relations (SR010) and various elements of the communication strategy and community engagement. Comments were made in respect of the Council's relationship with the media. Clarification was also sought as to whether communities received feedback on any comments provided during consultation exercises and it was noted that this would be captured within the community engagement strategy. Comments were made as to whether these mitigations were ambitious enough. It was noted that all these points would be fed back to the service. It was further suggested that perhaps the category of public relations should be separated out to get a better idea of the different risks associated with the communication strategy and community engagement. The Head of Property and Risk would explore this suggestion further.

With respect to shared services (SR015), clarification was sought as to the method of scrutiny being used and it was noted that this came under the remit of the Partnerships Panel and that regular reporting would be built into that Panel's work programme.

The Panel

**Decided:** to agree

- (1) the fifteen key risks and endorse the work currently being undertaken or proposed by risk owners to mitigate these risks; and
- (2) that a report on the management of Strategic Risk be taken to the Leadership Panel on 4th November 2014 for endorsement.

The meeting ended at 3.20 p.m.