

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 9th June 2015 at 2.00 p.m.

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

Apologies: Councillors Ann Galbraith and Helen Moonie.

Also present: Councillors Bill McIntosh and Robin Reid, Portfolio Holders.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; M. Baker, Head of Policy and Performance; T. Baulk, Head of Finance and ICT; H. McLaughlin, Audit Services/Programme Review Manager; D. McNeill, Treasury Manager; C. Gardner, Senior Strategic Planning and Performance Officer; and A. Gibson, Committee Services Officer.

Also Attending: D. Richardson, Senior Audit Manager, Audit Scotland.

1. Opening Remarks.

The Panel welcomed Siobhan White who had been appointed the independent Chair of this Panel and who would take on her role at the next meeting of this Panel.

2. 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.

3. Minutes.

The minutes of 22nd April 2015 (issued) ([link attached](#)) were submitted and approved.

4. Work Programme and Action Plan.

There was submitted an update of the Action Log and Work Programme for this Panel (issued) ([link attached](#)).

Decided: to note the current status of the Action Log and Work Programme.

5. **Targeted Best Value Follow Up.**

There was submitted a report (issued) ([link attached](#)) of 1st June 2015 by the Head of Policy and Performance providing a further update on progress against the Action Plan agreed by Council on 5th March 2015.

Clarification was sought as to the three improvement projects which had commenced and it was reported that these were (1) multi-function devices; (2) children's services administration and (3) development of a tender specification for a work-scheduling system. It was also noted that training was underway for the Business Improvement Team.

Decided:

- (1) to note the progress made against the improvement action plan as contained in Appendix 1 of the report; and
- (2) to agree that a further update would be provided to the next meeting of this Panel scheduled to take place on 24th September 2015.

AUDIT FUNCTION:-

6. **Internal Audit Service – Statement on Internal Controls.**

There was submitted a report (issued) ([link attached](#)) of 21st May 2015 by the Audit Services/Programme Review Manager presenting the annual statement on the adequacy and effectiveness of the internal control system of the Council for the year ended 31st March 2015.

Decided: to agree the statement on Internal Controls for financial year 2014/15 as contained in Appendix 1 of the report.

7. **Internal Audit – Progress Report.**

There was submitted a report (issued) ([link attached](#)) of May 2015 by the Audit Services/Programme Review Manager advising Members of directorates' progress with regard to the implementation of action plans and with progress on the internal audit annual plan for 2014/15.

Following a request, the Audit Services/Programme Review Manager expanded on the Audit relating to the Asset Register which related to ensuring the Asset Register links to the information in the accounts.

The Panel noted the imminent retirement of the Audit Services/Programme Review Manager and thanked him for his work over the years. The panel also noted that this would be a period of change for the Internal Audit service and the Panel would keep a watching brief to ensure continuity.

Decided:

- (1) to note the progress of services in the implementation of agreed action plans as detailed in paragraph 4.2 of the report;
- (2) to note the progress of the internal audit plan for 2014/15 as detailed in paragraph 4.7 of the report; and
- (3) to request the Audit Services/Programme Review Manager to bring agreed reports to future meetings of this Panel.

8. External Audit Reports – Progress to 31st March 2015.

There was submitted a report (issued) ([link attached](#)) of 2nd June 2015 by the Head of Policy and Performance outlining progress that the Council was making in relation to external audit improvement actions.

Clarification was sought and it was confirmed that the outstanding improvement action relating to the introduction of the Readsoft reporting tool would be completed within the allocated deadline.

Decided:

- (1) to note the progress against the council's external audit improvement actions as presented in the report; and
- (2) to agree that progress with the implementation of Readsoft would be reported back to this Panel, at the meeting scheduled to take place on 25th November 2015.

9. Audit Scotland: Borrowing and Treasury Management in Councils.

There was submitted a report (issued) ([link attached](#)) of 2nd June 2015 by the Head of Finance and ICT advising of the findings and recommendations of Audit Scotland's report – 'Borrowing and Treasury Management in Councils'.

The Panel agreed that consideration should be given to further training for the members of this Panel in relation to Treasury Management issues and there should be a Members' Briefing to look at Audit Scotland's report in more depth.

Decided:

- (1) to note the contents of the report and particularly the key messages and recommendations contained within the report;
- (2) to approve the actions identified in Appendix 1 of the report to be incorporated in future Borrowing and Treasury Management Strategies and reporting updates; and
- (3) to request officers to consider further training for the members of this Panel in relation to Treasury Management and also arrange an all members' Briefing to look at Audit Scotland's report in more depth.

GOVERNANCE FUNCTION:-**10. Delivering Good Governance – 2014/15 Assessment.**

There was submitted a report (issued) ([link attached](#)) of 3rd June 2015 by the Head of Policy and Performance requesting Members to review the 2014/15 year end assessment against the Council's Delivering Good Governance Framework.

Following a question from a Member in relation to Council-wide methods of communication with the public, it was reported that community engagement work was ongoing, including by the Public Processes Panel as part of its remit, and that a Communications Strategy was also out for consultation at present in this respect.

With regard to the assessment against each of the eighteen aspects within the Framework, it was noted that although there are some concerns, work was ongoing to improve those aspects.

Decided: to approve the 2014/15 year end assessment against the Council's Delivering Good Governance Framework, as detailed in Appendix 1 of the report.

11. Improvement Themes – Quarterly Update to 31st March 2015.

There was submitted a report (issued) ([link attached](#)) by the Head of Policy and Performance outlining the latest quarterly update on the Council's Improvement themes to allow Members to review progress.

The Panel discussed how, going forward, progress against the Improvement Themes should be reported to Elected Members.

Following a question from a Member of the Panel, it was confirmed that the Surplus Asset Strategy was still on track and would continue to be monitored by the Service and Performance Panel through the relevant Service and Improvement Plan.

A Member of the Panel indicated that "real-time" information was required as the information being provided was, in some cases, from three months ago. Concern was also expressed that the findings were not benchmarked to other Local Authorities. In response it was reported that the development of web-enabled Covalent would help improve this and that Business Intelligence was also being examined along with further development of Comparator families for the national benchmarking framework.

Decided:

- (1) having reviewed the progress achieved to date against the six themes as set out in Appendix 1 of the report, to note the current position with the quarterly update;
- (2) to agree that, as all aspects of the Improvement themes were covered by the Service and Improvement Plans reporting, no further report on this matter be brought before this Panel; and
- (3) that a future approach to Improvement themes would be considered by this Council in due course.

12. Review of Scrutiny Panels.

There was submitted a report (issued) ([link attached](#)) by the Executive Director – Resources and Governance seeking Members’ input to a review of current scrutiny arrangements as a result of the Best Value Action Plan, including proposed changes to Panel remits and related procedures.

The Executive Director – Resources, Governance and Organisation advised the Panel that the views of various other Panels had been sought and that the view from this and the other Panels would be reported to the Council meeting, scheduled to take place on 25th June 2015. It was noted that there was a possibility that training sessions would be organised for the Chairs of Scrutiny Panels across Scotland.

A number of issues were raised by members of this Panel including:-

- (1) the overlap of responsibility between Panels;
- (2) if there was a requirement for Members to be more involved in the Service Review process, rather than only Officers;
- (3) whether Scrutiny Reviews might include members other than those on the Service and performance Panel (as determined by Council);
- (4) the need for the outcome of meeting of the Portfolio Holders and Scrutiny Panel Chairs to be fed back to all Members. It was reported that this was fed back to Groups through the Best Value Working Group;
- (5) that new and current ways of working was an area that required to be “drilled down” into and consideration be given to its future reporting to members;
- (6) the overlap of Improvement Themes between this Panel and the Service and Performance Panel; and
- (7) that an all members’ workshop later in the year would be helpful to further consider the issues which were raised by this review.

Decided: to agree

- (a) that the proposed changes as specified in paragraph 4.3 of the report, be recommended to Council for approval; and
- (b) to note the comments detailed at (1) to (7) above and request that consideration be given to holding an all members' workshop later in the year to further discuss the issues arising through this review.

13. Concluding Remarks.

Councillor McGinley thanked Councillor Connolly for his contribution as Chair over the last number of years and intimated his support to Siobhan White in her new role as independent Chair of this Panel.

The meeting ended at 3.15 p.m.