

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 10th February 2016 at 10.00 a.m.

- Present: Siobhan White (Chair), Councillors Douglas Campbell, Brian Connolly, Ann Galbraith, Brian McGinley and Helen Moonie.
- Apologies: Councillors Ian Cochrane and John Hampton.
- Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; T. Baulk, Head of Finance and ICT; M. Baker, Head of Policy and Performance (part); D. Richardson, Senior Auditor, Audit Scotland (part); M. Leonard, Acting Audit Services/Programme Review Manager (part); and L. Sands, Committee Services Officer.

1. Declarations of Interest.

In terms of Council Standing Order No. 17 and the Councillors' Code of Conduct Councillor McGinley declared an interest in Item 4 on the agenda entitled 'Audit Scotland: Health and Social Care Integration' as he was a member of the Integration Joint Board, however, having sought advice, he would not leave the room when the item was being considered and would take part in discussions on the matter.

2. Minutes.

The Minutes of 25th November 2015 (issued) ([link attached](#)) were submitted and approved.

3. Action Log and Work Programme.

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.

External Audit Reports.

4. Audit Scotland: Health and Social Care Integration.

There was submitted a joint report (issued) ([link attached](#)) of 1st February 2016 by the Executive Director – Resources, Governance and Organisation and the Director of Health and Social Care advising Members of the findings and recommendations of a report by Audit Scotland regarding Health and Social Care Integration.

The Senior Audit Manager, Audit Scotland, advised the Panel that the report was an initial report regarding the Health and Social Care Integration and that most of the information within the report had now been addressed in South Ayrshire as Ayrshire

was well progressed in terms of integration. He also advised that there would likely be several follow up reports regarding integration over the coming years.

The Chair requested that Councillor McGinley comment for the Panel on the current operation of the Partnership, as he is a member of the Integration Joint Board (IJB). Councillor McGinley commented that the IJB had concerns regarding the time it could take to 'bed-in' and if there was enough money put aside by the Scottish Government to fund the process. He stated that he felt that the right things were being done, however, the challenge of the redesign of the service should not be underestimated.

A member of the Panel raised concerns regarding how the budget, allocated by the Council, was being used by the IJB in service delivery and that it was critical there was adequate scrutiny by the Council in terms of budget management and service delivery, including the achievement of efficiencies and requests for additional resources. The Executive Director – Resources, Governance and Organisation advised that as this Council was at a different stage in the integration process from other Councils much of the Report content related to issues already being progressed or indeed completed for the South Ayrshire IJB.

A discussion followed regarding the scrutiny of the Health and Social Care Partnership. It was noted that the IJB had set up its own Audit Committee with public meetings and Minutes. Discussion took place as to the most appropriate Panel to undertake the scrutiny role within the Council and it was agreed that a report would be brought to a future meeting of this Panel outlining options around governance to assist the Panel's considerations. It was also agreed that the Director of Health and Social Care would be invited to attend the next meeting of the Audit and Governance Panel to speak to the actions underway within the Partnership in relation to the Audit Report's recommendations.

Decided: having considered the key issues raised in the Audit Scotland report on Health and Social Care Integration

- (1) to agree that a report be brought to a future meeting of this Panel relating to governance and scrutiny for the Health and Social Care Partnership and Integration Joint Board; and
- (2) to invite the Director of Health and Social Care to attend the next meeting of this Panel to speak to the actions underway within the Partnership in relation to the Audit Report's recommendations .

5. External Audit Reports – Progress to 31st December 2015.

There was submitted a report (issued) ([link attached](#)) of 1st February 2016 by the Head of Policy and Performance providing Members with an update on the progress that the Council was making in relation to external audit improvement actions.

The Chair requested clarification regarding the reporting of benchmarking data and the Head of Policy and Performance advised that a report would go to the next meeting of the Service and Performance Panel.

Following discussion, it was agreed that future reports should continue to provide updates against all actions and should not revert to exception reporting as previously.

A member of the Panel raised concerns regarding the Housing Revenue Account (HRA) Budgeting action point showing as 'complete' as issues raised at the South Ayrshire Council meeting of 17th December 2015 had produced a number of action points in relation to the HRA Budgeting that they were not aware of having yet been addressed. It was proposed that the Head of Housing and Facilities bring an update to the next meeting of this Panel regarding the HRA fundamental review as referred to in the Annual Audit Report as a result of the underspend and outturn for 2014/15.

Clarification was sought regarding the absence of 'weighting' of the External Audit actions and it was confirmed that External Audit do not 'weight' actions although Internal Audit do.

Decided: having scrutinised the progress against the Council's external audit improvement actions as presented in the report

- (1) to ask the Head of Housing and Facilities to bring an update regarding the HRA Fundamental Review to the next meeting of this Panel; and
- (2) otherwise to note the content of the report.

Internal Audit Reports.

6. Internal Audit Progress Report, (i) Follow Up of Internal Audit Action Plans And (ii) Progress Of Annual Internal Audit Plan.

There was submitted a report (issued) ([link attached](#)) of 22nd January 2016 by the Acting Audit Services/Programme Review Manager advising Members of Directorates' progress in regard to the implementation of action plans and with progress on the internal audit annual plan for 2015/16.

The Chair raised concerns regarding the 'Stores General and Issues and Returns' audit as it had a limited assurance rating and the Acting Audit Services/Programme Review Manager advised the reason for this was due to the lack of controls, however, no other areas gave cause for concern.

A discussion then followed as members of the Panel raised concerns regarding this area especially due to the historical issues. The Acting Audit Services/Programme Review Manager advised that timescales had been put in place to implement the recommendations made by Internal Audit and these would be reported back to the Audit and Governance Panel in April. She also advised that if the timescales were not met this would be flagged up to members at that time. The Acting Audit Services/Programme Review Manager also agreed that 'lessons learned' from this audit could be raised with Executive Directors and Directors as part of next year's audit planning.

Decided:

- (1) to note the progress of services in the implementation of agreed action plans as per 4.2 of the report;
- (2) to note the progress of the internal audit plan for 2015/16 as per 4.4, 4.6 and 4.7 of the report; and

- (3) to request the Acting Audit Services/Programme Review Manager to bring agreed reports to future meetings of this Panel.

7. Amended Internal Audit Charter.

There was submitted a report (issued) ([link attached](#)) of 25th January 2016 by the Acting Audit Services/Programme Review Manager presenting, for approval by Members, an amended Internal Audit Charter.

It was requested that a link be provided to this document on the external website as well as the intranet and that a bullet point be added in relation to funded external organisations and Following the Public Pound

Decided: to approve the amended Internal Audit Charter contained in Appendix 1 of the report.

8. Public Sector Internal Audit Standards.

There was submitted a report (issued) ([link attached](#)) of 25th January 2016 by the Acting Audit Services/Programme Review Manager presenting, in compliance with the Standards, Internal Audit's self-assessment for 2015/16.

Members of the Panel passed on their congratulations to Internal Audit on the good work they had carried out especially given the current circumstances within the team. It was noted that an assessment of the internal audit department will be carried out in 2016/17 by an external organisation, as per the requirements of the Standards.

Decided: after consideration of the outcome of the self-assessment for 2015/16, to note the contents of the report.

9. Audit Scotland - South Ayrshire Council 2015/16 Audit.

There was submitted a report (issued) ([link attached](#)) of 25th January 2016 by the Acting Audit Services/Programme Review Manager reporting on the findings of the Audit Scotland review of Internal Audit in relation to the 2015/16 audit.

The Senior Audit Manager, Audit Scotland, confirmed that the review was positive in a number of areas with the main issue remaining being the formalisation of the temporary appointment for Audit Services/Programme Review Manager.

Decided: after considering the contents of the Audit Scotland report, to note the contents of the report and note that Audit Scotland would place formal reliance on Internal Audit work for 2015/16.

Other Reports.**10. Targeted Best Value Follow Up.**

There was submitted a report (issued) ([link attached](#)) of 1st February 2016 by the Head of Policy and Performance providing Elected Members with a further update on progress against the Action Plan agreed by Council on 5th March 2015.

A member of the Panel asked a question regarding Action Point 1 within Appendix 1 of the report relating to the Best Value Working Group and how people outwith this group would know what issues, in terms of scrutiny, had been raised and discussed. The Executive Director – Resources, Governance and Organisation advised that any specific points raised through the Best Value Working Group would be fed back to Elected Members through an Elected Members briefing.

The Chair asked a question regarding Action Point 7 within Appendix 1 of the report relating to the refreshed service review framework. The Head of Policy and Performance advised that a number of reviews had been scrutinised by the Service and Performance Panel and the process was being refined in light of the updated framework and experience to date.

Decided: having reviewed the progress made against the improvement action plan in Appendix 1 of the report, to note the contents of the report.

The meeting ended at 11:45 a.m.