

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 9th June 2016 at 2.00 p.m.

Present: Siobhan White (Chair), Councillors Douglas Campbell, Ian Cochrane, Brian Connolly, Ann Galbraith, John Hampton, Brian McGinley and Helen Moonie.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; T. Baulk, Head of Finance and ICT; M. Baker, Head of Policy and Performance (part); B. Gray, Project Planning and Performance Manager (part); M. Leonard, Acting Audit Services/Programme Review Manager (part); and L. Sands, Committee Services Officer.

1. Declarations of Interest.

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

2. Minutes.

The Acting Audit Services/Programme Review Manager expressed concerns regarding the wording in the second paragraph of item 17 entitled "Internal Audit – Progress – Red Reports".

After discussion it was agreed that the sentence would be amended to read, "Having noted a concern regarding future staffing levels in the Internal Audit service, the Panel received confirmation that Internal Audit's future focus would be on high risk work within the annual plan".

Thereafter, the Minutes of 20th April 2016 (issued) ([link attached](#)) were submitted and approved, subject to the above Amendment.

3. Action Log and Work Programme.

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

It was agreed that the Treasury Management Annual Report 2015/16 would go to the Audit and Governance Panel on 28th September 2016 rather than the 14th September 2016, as stated in the Work Programme.

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

4. **Health and Social Care Integration - Follow-Up regarding Scrutiny Arrangements.**

The Executive Director – Resources, Governance and Organisation provided the Panel with an update on the Council’s scrutiny arrangements for the Health and Social Care Partnership advising that there would be an annual report for the Council, NHS and Integration Joint Board (IJB) and this would provide details on performance and financial information. The Panel heard that arrangements were not yet finalised and that these would require to be discussed further, with the suggestion that the Members/Officers Working Group planning for 2017 would add this to its remit. The Executive Director – Resources, Governance and Organisation further advised that the annual report was expected in September.

External Audit Reports.

5. **Audit Scotland: Changing Models of Health and Social Care.**

There was submitted a report (issued) ([link attached](#)) of 13th May 2016 by the Director of Health and Social Care advising the Panel of the findings of Audit Scotland as set out in its report of March, 2016 on Changing Models of Health and Social Care, attached at Appendix 1 of the report.

The Panel heard from the Project Planning and Performance Manager for Health and Social Care who provided an update on progress made so far with the Health and Social Care Partnership and highlighted the concerns raised by Audit Scotland, in respect of the national position, that necessary changes were not being implemented promptly enough and commented that these concerns were perhaps unjustified given the early stage of implementation for most Integration authorities and the longer term nature of the required changes.

A member of the Panel raised concerns regarding the tight timescales proposed for the new models of care and the need to test out new models prior to introducing them and asked how the scrutiny of these models would work in order to make them as failsafe as possible. The Project Planning and Performance Manager advised that there were funds to support testing of the new models prior to implementing them and further added that the Integration Joint Board (IJB) had requested an action log be maintained of tasks being undertaken and that this would address any issues highlighted in terms of the Report.

A discussion followed on the need for change, however, it was acknowledged this would not be a quick process and that local authorities and NHS Boards would require to work together and have more in-depth discussions with the Scottish Government in respect of issues such as ICT and financial planning in order for all parties to deliver under proposed new models.

Discussion also took place in relation to locality planning models and the need to develop this in to planning at a neighbourhood level as well, with the support of the Communities team.

Decided: having considered the findings set out in the Audit Scotland report, to note the contents of the report.

6. External Audit Reports – Progress to 31st March 2016.

There was submitted a report (issued) ([link attached](#)) of 31st May 2016 by the Head of Policy and Performance providing the Panel with an update on the progress made by the Council in relation to external audit improvement actions.

Decided: having considered the progress against the Council's external audit improvement actions as presented in the report, to note the contents of the report.

Internal Audit Reports.

7. Internal Audit Service – Statement on Internal Controls.

There was submitted a report (issued) ([link attached](#)) of 20th May 2016 by the Acting 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 2016.

Decided: to agree the statement on Internal Controls for financial year 2015/16.

8. 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 20th May 2016 by the Acting Audit Services/Programme Review Manager advising of Directorates' progress in regard to the implementation of action plans and with progress on the internal audit annual plan for 2015/16.

The Acting Audit Services/Programme Review Manager advised the Panel that Internal Audit had received and approved one extension request in relation to report number "2016 – Cash Income and Banking Reconciliations" which was to allow more time for the Corporate Accounting Manager to liaise with relevant services.

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 paragraphs 4.5 to 4.8 and also Appendix 2 of the report; and
- (3) to request that the Acting Audit Services/Programme Review Manager submit agreed reports to future meetings of this Panel.

9. Variation in Order of Business.

In terms of Council Standing Order No. 13.2, the Panel agreed to vary the order of business as hereinafter minuted.

Other Governance Reports.

10. Delivering Good Governance – 2015/16 Assessment.

There was submitted a report (issued) ([link attached](#)) of 27th May 2016 by the Head of Policy and Performance inviting the Panel to review the 2015/16 year end assessment against the Council's Delivering Good Governance Framework.

The Panel heard that there was a new Delivering Good Governance scheme and although new guidance had been received this related to the UK national scheme, and further guidelines were being issued by the Scottish Government in September that it was hoped would provide more detailed information relevant to the Council.

In relation to the output from the Members' Survey, a member of the Panel raised concerns regarding the apparent significant disconnect between the members' feedback and the officers' assessment in certain areas (e.g. 6.3) The Executive Director – Resources, Governance and Organisation confirmed that it would be appropriate to explore further why in some areas members' views were apparently 'at odds' with the officers' assessment. The Head of Policy and Performance further advised that there would be a Workshop held later in the year for Panel members and these areas could be focussed on then.

Decided: after reviewing the 2015/16 year end assessment, as set out in Appendix 1 of the report, to agree the 2015/16 year end assessment.

11. Exclusion of press and public.

The Panel resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the remaining item of business on the grounds that it involved the likely disclosure of exempt information in terms of paragraph 8 of Part 1 of Schedule 7A of the Act.

12. Internal Audit – Progress – Red Reports.

There was submitted a report (issued to Members only) of 25th May 2016 by the Head of Community Health and Care Services providing updated information requested at the Audit and Governance Panel on 20th April 2016 in relation to expenditure by a third party provider to the Council.

The Project Planning and Performance Manager advised the Panel that information requested from the third party provider had been considered by Managers and further information had now been requested, which would be reported to the next meeting of this Panel. The Panel further heard that the Project Planning and Performance Manager was working with Internal Audit and the service officer for financial services to address areas of concern highlighted within the audit report.

The Chair asked the Project Planning and Performance Manager to ensure that a specific issue regarding costs, queried at the last meeting of this Panel, was acknowledged within the update provided at the next meeting of the Panel.

Concerns were raised regarding Social Work procurement processes and it was advised that this was being progressed as a separate issue.

Decided: after consideration of the report, to note the contents of the report.

The meeting ended at 3:15 p.m.