

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 29 January 2020 at 10.00 a.m.

Present: Councillors Martin Dowey (Chair), Chris Cullen, Lee Lyons, Helen Moonie and Arthur Spurling.

Apologies: Councillors Alec Clark, Brian Connolly and Hugh Hunter.

Attending: T. Baulk, Head of Finance and ICT; W. Carlaw, Service Lead – Democratic Governance; T. Eltringham, Director of Health and Social Care; L. Miller, Chief Internal Auditor; G. Cockburn, Acting Service Lead – Procurement; and J. McClure, Committee Services Lead Officer.

1. Opening Remarks.

The Service Lead – Democratic Governance advised that, as there was no provision in the Council's Standing Orders Relating to Meetings for matters relating to "Any Other Competent Business", item 8 on the agenda for this meeting would not be considered.

2. 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.

3. Call-ins from Leadership Panel.

The Panel noted that there were no call-ins from the Leadership Panel of 21 January 2020.

4. Minutes of Previous Meeting.

The Minutes of the meeting of [5 December 2019](#) (issued) were submitted and approved.

5. Action Log and Work Programme.

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

The Head of Finance and ICT advised that Item 7 on the Work Programme entitled "Best Value Working Group – Updated Action Plan" would now be deferred and considered by this Panel at its meeting of 6 May 2020, due to the Budget Working Group not having met due to the recent General Election.

The Chair proposed that, following comments from a number of Panel Members, a review around the unlawful closure of the Kyle Day Centre should be considered at this Panel to ensure that the Council learnt from this ruling.

The Panel

Decided:

- (1) in respect of the Kyle Day Centre
 - (a) to request the Chief Executive to undertake a review
 - (i) of the advice given by Council Officers in respect of budget proposals;
 - (ii) of the implications for the Council of the Judicial Review decision; and
 - (iii) of the lessons to be learnt from this case; and
 - (b) that an update report be submitted to the meeting of this Panel scheduled to be held on 6 May 2020, for its consideration;
- (2) to note that Item 7 on the Work Programme entitled “Best Value Working Group – Updated Action Plan” would now be considered by this Panel at its meeting of 6 May 2020; and
- (3) otherwise, to note the current status of the Action Log and Work Programme.

External Audit Reports.

6. Audit Scotland : Local Government in Scotland – Financial Overview 2018/19.

There was submitted a [report](#) (issued) of 20 January 2020 by the Head of Finance and ICT advising of the findings from the Audit Scotland report “Local Government in Scotland – Financial Overview 2018/19”.

A full discussion took place in relation to this Council’s performance and debt in comparison with other Scottish Local Authorities; the Council’s ability to spend money being constrained and the subsequent problems this presented when budget setting; the continuing need to consult with the public and to help the community understand the Council’s constraints in relation to spending; and the reasons for the gross debt exceeding the net annual revenue.

Following questions on reasons for the Council’s gross debt exceeding the net annual revenue; and this Council having higher proportional debt than the other two Ayrshire authorities, the Head of Finance and ICT advised that he would provide a briefing note to Panel Members on these matters.

Following a Members’ comment on the lack of information around the Council’s long-term financial plan, the Head of Finance and ICT advised that a report had been submitted to the Leadership Panel of 29 October 2019 entitled “Financial Strategy 2020 to 2030 (10 Year)” which had laid out the issues for the Council for the next ten years and that Panel had approved the Council’s 10 Year Financial Strategy for 2020/30.

The Panel, having considered the findings outlined in the Audit Scotland report “Local Government in Scotland – Financial Overview 2018/19”, attached as Appendix 1,

Decided: to note the contents of the report.

Internal Audit Reports.

7. Internal Audit – Progress Report (i) Progress of Internal Audit Plan 2019/20; and (ii) Implementation of Internal Audit Action Plans.

There was submitted a [report](#) (issued) of 20 January 2020 by the Chief Internal Auditor advising of Internal Audit's progress regarding the 2019/20 internal audit plan; and directorate progress in regard to the implementation of action plans.

Following a question from a Member on the risk of the Council not receiving its funding settlement prior to the budget setting on 5 March 2020, the Head of Finance and ICT advised that the Council would receive its settlement on 6 February 2020.

A Panel Member commented in relation to "Governance Arrangements for the Health and Social Care Partnership" (IA2020/38) and queried why the option of a Members Bulletin had been given rather than a Panel report which is for scrutiny. The Chief Internal Auditor explained that the wording was to recognise the wider governance review which was currently ongoing, rather than being too prescriptive at this stage. Following a concern that the due date of 30 June 2020 for considering this reporting mechanism was too far in the future, the Director of Health and Social Care provided assurances that, in parallel with the review of the Integration Scheme, the Council and the Health Board were examining scrutiny; that he was hoping to present a report outlining future proposals for scrutiny for the Council, the NHS and the IJB on 14 February 2020; and that advice was also being sought from the Scottish Government on this matter.

The Panel, having congratulated the Chief Internal Auditor on producing this report despite staff shortages and having considered the report,

Decided: to note the contents of the report.

Other Governance Reports.

8. Health and Social Care Partnership Commissioning and Contracting Activity.

There was submitted a [report](#) (issued) of 20 January 2020 by the Director of Health and Social Care advising of the progress made in addressing Internal Audit recommendations presented to this Panel in November 2019; and providing background information on the progress which had been made in recent years to ensure that Social Care contracts were up-to-date and achieving best value.

The Director of Health and Social Care outlined the present position in ensuring compliance with the Council's Financial Regulations and the raising of purchase orders and the range of work which was in progress and advised that, following work with Finance staff and the operational team to develop processes, compliance should be achieved by 1 April 2020.

The Director further outlined that, in conjunction with the Procurement Team, good progress had also been made in relation to Commissioning and Procurement in Social Care.

Following a question from a Panel Member on whether a recharge was carried out by the Council for the work undertaken by its two Procurement Officers (one permanent and one temporary) for the Health and Social Care Partnership, the Head of Finance and ICT outlined that support services were not recharged back. The Member then requested that a briefing paper be submitted to all Panel Members on why Council staff were providing a service to the Health and Social Care Partnership and this was not being recharged, in line with good governance and separate lines of funding; and why Health Service staff did not also provide these services to the Partnership.

The Member also requested an explanation of how the budget functioned in terms of equitability as this was an Integrated Joint Board with a joint budget and the Director of Health and Social Care advised that he could present an Elected Members' briefing alongside the Head of Regulatory Services outlining the range of services provided and the responsibility for these; and the budget responsibilities. It was further agreed that a written briefing on these matters be provided by the Director of Health and Social Care prior to a proposed Elected Members' Briefing.

The Panel, having congratulated the Director and the Acting Service Lead – Procurement on the progress made with these matters,

Decided:

- (1) to note the progress being made to ensure compliance with the raising of purchase orders in Children's Social Work Services; and
- (2) to note the progress made over recent years to improve the commissioning and procurement of Social Work Services in South Ayrshire.

The meeting ended at 10.40 a.m.