

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 30th May 2018 at 10.00 a.m.

Present: Councillors Peter Convery (Chair), Alec Clark, Brian Connolly, Chris Cullen, Martin Dowe, Hugh Hunter, Helen Moonie and Arthur Spurling.

Attending: E. Howat, Chief Executive; D. Gillies, Director – Place; T. Baulk, Head of Finance and ICT; M. Baker, Service Lead – Corporate Planning and Improvement; C. Monaghan, Service Lead – Community Services and Facilities; W. Carlaw, Service Lead – Democratic Governance; D. Yuille, Service Lead – Special Property Projects; C. Boyd, Service Lead – Risk and Safety; T. Simpson, Service Lead – Corporate Accounting; G. Farrell, Acting Service Lead – Organisational Development; G. Collins, Manager (Community Engagement); A. McGregor, Temporary Chief Internal Auditor; D. Urquhart, Senior Investigations Officer; and J. McClure, Committee Services Lead Officer.

In Attendance: Councillors Mary Kilpatrick (for item 3), Ian Fitzsimmons (for item 17) and Councillor Douglas Campbell, as portfolio holder (for item 17).

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. Variation in Order of Business.

Having heard the Chair in relation to the call-in on Office Rationalisation by the Director - Place, he proposed that this item should be confidential and dealt with in terms of Section 50(A)(4) and Paragraphs 8 and 9 of Schedule 7A of the Local Government (Scotland) Act 1973 and that the order of business should be varied accordingly.

Decided: to agree that this item should be confidential as proposed and considered at the end of the meeting.

3. Call-in from Leadership Panel of 22nd May 2018 - Participatory Budgeting 2017/18.

Reference was made to the Minutes of the Leadership Panel of 22nd May 2018 (Page 6, paragraph 12) when the Panel, having considered a report (issued) of 16th May 2018 by the Depute Chief Executive and Director – People had decided

- (1) to note the information provided on how Participatory Budgeting had been taken forward during 2017/18;
- (2) to agree that Council monies allocated at future small grant participatory budgeting events should support delivery of the priorities set out in the Council Plan 2018-22;
- (3) to note that work was underway to consider options to deliver against the requirement from the Scottish Government that by 2020, a minimum of 1% of Council budget allocation should involve participatory processes; and
- (4) to request that Officers submit a paper to a future meeting of Leadership Panel prior to 31st May 2019 setting out options for participatory processes to influence a minimum of 1% of Council budget allocation.

The Panel was advised that the report had been the subject of a call-in (issued), details of which were outlined by Councillor Kilpatrick when she introduced and spoke to the call-in and the Service Lead – Community Services and Facilities then provided a response to the points raised in the call-in.

Questions were raised by Panel Members and responded to by the Service Lead – Community Services and Facilities and the Manager (Community Engagement); and a discussion took place in relation to the participatory processes being unchanged; rural communities getting equal funding opportunities; and participatory budgeting events now also being held in rural villages.

Following concerns from Members regarding the nature of call-ins given that information can be obtained from officers at any time, the Panel

Decided:

- (a) to uphold the decision of the Leadership Panel; and
- (b) to request that the Chief Executive review the call-in procedure.

4. Minutes of Previous Meetings.

The [Minutes](#) of the meeting of 21st March 2018 (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 Panel

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

Councillor Hunter left the meeting at this point.

External Audit Reports.

6. **Audit Scotland : Local Government in Scotland – Challenges and Performance 2018.**

There was submitted a [report](#) (issued) of 23rd May 2018 by the Depute Chief Executive and Director – People outlining the findings of the Audit Scotland report ‘Local Government in Scotland – Challenges and Performance 2018’.

Questions were raised by Members in relation to this Authority being only one of two Councils in Scotland to have increased its workforce between 2011 and 2017 and the staffing costs for this and, having heard the Acting Service Lead – Organisational Development advise that she would submit a report to the next meeting of this Panel scheduled to be held on 29th August 2018 providing more detailed figures, the Panel

Decided: having considered the content of the Audit Scotland report (attached as Appendix 1 to the report), including the recommendations and having reviewed the assessment prepared against the scrutiny checklist (attached as Appendix 2 to the report), to note the contents of the report.

7. **External Audit Reports – Progress to 31st March 2018.**

There was submitted a [report](#) (issued) of 22nd May 2018 by the Depute Chief Executive and Director – People providing an update on the progress that the Council was making in relation to external audit improvement actions.

The Panel

Decided: having scrutinised the progress against the Council’s external audit improvement actions as outlined in the report, to note the contents of the report.

Internal Audit Reports.

8. Internal Audit – Progress Report (i) Follow Up of Internal Audit Action Plans; (ii) Progress of Annual Internal Audit Plans.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Acting Chief Internal Auditor advising of Directorates' progress in regard to the implementation of action plans; and with progress on the 2017/18 Internal Audit Annual Plan.

A question was raised by a Member in relation to the use of a corporate credit card for schools and the Acting Chief Internal Auditor advised that she would investigate this and respond to the Member and the Panel

Decided: having considered the contents of the report, to request the Acting Chief Internal Auditor to bring Internal Audit progress reports to future meetings of this Panel.

9. Corporate Fraud Team – Activity Report.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Acting Chief Internal Auditor outlining the Corporate Fraud Team's activity and performance from 1st October 2017 to 31st March 2018.

Having heard the Senior Investigations Officer outline the position in relation to the Tenancy Fraud figures; outline the process for investigating sub-letting; and respond to a question on blue badge misuse, the Acting Chief Internal Auditor then advised that she would discuss blue badge misuse with Ayrshire Roads Alliance and with the new Chief Internal Auditor on commencement of her post and the Panel

Decided: having considered the contents of the report, to request the Acting Chief Internal Auditor to bring six-monthly activity reports to this Panel.

10. Proposed Internal Audit Plan 2018/19.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Acting Chief Internal Auditor seeking approval of the annual audit plan for 2018/19, attached as Appendix 1 to the report.

Following a question from a Member on the realigning of the audit year to be in line with the financial and performance year, the Acting Chief Internal Auditor advised that she had liaised with colleagues in North Ayrshire and East Ayrshire Councils and held discussions with the new Chief Internal Auditor regarding this; and the Panel

Decided:

(1) to approve the annual audit plan for 2018/19;

- (2) to approve the new format of the three-year rolling plan; and
- (3) to request the Acting Chief Internal Auditor to implement the annual audit plan and to provide updates on progress against the plan to future meetings of this Panel.

11. Internal Audit Service – Statement on Internal Controls.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Acting Chief Internal Auditor outlining the annual statement on the adequacy and effectiveness of the internal control system of the Council for the year ended 31st March 2018.

The Panel

Decided: to agree the statement on Internal Controls for financial year 2017/18.

12. Amended Internal Audit Charter.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Acting Chief Internal Auditor seeking approval of the amended Internal Audit Charter.

A question was raised in relation to whether there were unannounced visits to Council stores and stocktakes carried out and the Acting Chief Internal Auditor outlined the visits and checks which had been carried out to date and advised that further unannounced visits were planned.

Following a further question, the Acting Chief Internal Auditor confirmed that she also had responsibility for the Ayrshire Valuation Joint Board.

The Panel

Decided: to approve the Internal Audit Charter, attached as Appendix 1 to the report.

Other Governance Reports.

13. Delivering Good Governance – 2017/18 Assessment.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Depute Chief Executive and Director – People outlining the 2017/18 year end assessment against the Council's Delivering Good Governance Framework.

The Panel, having reviewed and agreed the 2017/18 year end assessment as set out in Appendix 1 to the report,

Decided: to request the Head of Regulatory Services to draft an updated Framework for consideration by this Panel at its meeting of 29th August 2018.

14. 2017/18 Accounting Policies.

There was submitted a [report](#) (issued) of 22nd May 2018 by the Head of Finance and ICT seeking approval of the revised accounting policies applicable to the financial year ended 31st March 2018.

Following questions on the valuation of Council assets, the Service Lead – Corporate Accounting confirmed that assets were valued on a cyclical basis on a rolling programme; and that the valuation of assets was audited and certified, and the Panel

Decided: to approve the accounting policies, as contained in Appendix 1 to the report, to be used in preparing the 2017/18 Annual Accounts.

15. Strategic Risk Management.

There was submitted a [report](#) (issued) of 23rd May 2018 by the Chief Executive seeking approval for the revised Corporate Risk Management Strategy and updating the Panel on the reviewed Strategic Risk Register (May 2018) in line with the agreed reporting framework.

The Panel

Decided:

- (1) to review and agree the revised Corporate Risk Management Strategy at Appendix 1 to the report (summary of changes in Appendix 2);
- (2) having considered the information within the current Strategic Risk Register at Appendix 3 to the report, to agree the ten key risks and to endorse the work currently being undertaken by risk owners to mitigate these risks; and
- (3) to remit the revised Corporate Risk Management Strategy and Strategic Risk Register to the Leadership Panel on 12th June 2018 for endorsement.

16. 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 9 of Part 1 of Schedule 7A of the Act.

17. Call-in from Leadership Panel of 22nd May 2018 - Office Rationalisation.

Reference was made to the Minutes of the Leadership Panel of 22nd May 2018 (Page 5, paragraph 11) when the Panel, having considered a report (issued) of 16th May 2018 by the Director – Place had decided

- (1) to note the update on the planning process for the new office;
- (2) to approve the proposals to initiate a workstream to explore the options now available to the Council in relation to the rationalisation of its office accommodation; and
- (3) to request the relevant Officers to submit a further report to Leadership Panel for consideration at its meeting on 21st August 2018 on the output of the workstream.

The Panel was advised that the report had been the subject of a call-in (issued), details of which were outlined by Councillor Fitzsimmons when he introduced and spoke to the call-in.

The Service Lead – Special Property Projects then provided a response to the points raised in the call-in.

Questions were raised by Panel Members and responded to by the Service Lead – Special Property Projects; and a discussion took place in relation to a breakdown of the costs incurred from the Riverside Project; the relocation of staff; and the opportunity for Members to seek information from Officers outwith the Call-in process; and the Panel

Decided: to uphold the decision of the Leadership Panel.

The meeting ended at noon