

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 20 March 2019 at 10.00 a.m.

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

Apology: Councillor Hugh Hunter.

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

Also

Attending: C. Balfourt and K. Watt, External Audit.

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. Call-ins from Leadership Panel.

The Panel noted that there were no call-ins from the Leadership Panel of 12 March 2019.

3. Minutes of Previous Meetings.

The [Minutes](#) of the meeting of 23 January 2019 (issued) were submitted and approved.

4. 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 both items in the Action Plan had now been completed and provided an update on the position in relation to the Work Programme.

Following a question on Item 3 on the Work Programme entitled "Best Value Follow-up" regarding the position in relation to the progress made by the Best Value Working Group, the Head of Finance and ICT advised that the Accounts Commission would be providing a briefing to all Elected Members and that, following this briefing, a report would be submitted to this Panel.

The Panel

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

Councillor Spurling joined the meeting at this point.

External Audit Reports.

5. External Audit Reports – Progress to 31 January 2019.

There was submitted a [report](#) (issued) of 7 March 2019 by the Head of Finance and ICT updating the Panel on the progress that the Council was making in relation to external audit improvement actions.

The Panel, having scrutinised the progress against the Council's external audit improvement actions as presented in the report,

Decided: to note the contents of the report.

6. Annual Audit Plan 2018/19.

There was submitted a [report](#) (issued) of 7 March 2019 by the Head of Finance and ICT providing background to the presentation by Deloitte on the Annual Audit Plan.

A full discussion took place in relation to Dependency on Key Suppliers and the limited availability of these suppliers; Financial Sustainability, the Council's existing medium term strategy and the financial challenges facing the Council; the continuous work of the Council's Budget Working Group examining financial strategies; and the risks and subsequent impact of an EU withdrawal.

Following a discussion on the reasons for business being conducted in private and the need to ensure openness and transparency, the External Auditor advised that the risk highlighted in their report was not specific to this Council but was to ensure that decisions taken on whether a report was confidential should be made in line with best practice.

A question was raised by a Member in relation to the grants given to communities and the need to ensure that these monies were spent as intended and the Head of Finance and ICT advised that the Council had robust procedures in place in line with "following the public pound" and that conditions were applied to grants awarded to ensure that these grants were used for the purposes applied for, however, the grants referred to within the report were grants awarded to the Council.

With regards to the audit risk regarding the need to improve community empowerment, community takeover and participatory budgeting to ensure there was transparency around decision-making; following a question from a Member on whether the External Auditors considered the public engagement exercise on the budget process to be a sufficient form of transparency, the External Auditor advised that if communities had an involvement in stating how they wished Council monies utilised, this was a good form of engagement and ensured transparency around decision making.

Following a question on whether there was a need for external peer reviews on services to ensure there was enough challenge/scrutiny for improvement of services when scrutiny was carried out by the Council's Service and Performance Panel, the External Auditor advised that it was good practice to have external peer reviews in alignment with the Council's Panel scrutiny; and the Head of Finance and ICT further advised that "critical friend" should form part of the service review process if appropriate and be considered by the Service and Performance Panel in their scrutiny role when ultimately reviewing Service Review reports.

The Panel, having considered the 2018/19 audit plan,

Decided: to agree the 2018/19 audit plan, as outlined in Appendices 1 and 2 to the report.

7. Audit Scotland : Health and Social Care Integration : Update on Progress.

There was submitted a [report](#) (issued) of 25 February 2019 by the Director of Health and Social Care advising of key issues reflected in the second Audit Scotland report on Health and Social Care Integration and to consider the implications of these within the local South Ayrshire context.

A full discussion took place in relation to the governance of the Integration Joint Board (IJB); the Council's desire to look after service users appropriately; fully utilising Council care home facilities; the allocation of funding provided by the Council and the NHS to the Health and Social Care Partnership (HSCP); and the provision of care for those in receipt of Self Directed Support and assessing how much care was required for each person.

Following a question on the governance of the IJB, the Director of Health and Social Care advised that the Ministerial Strategic Group had recognised that there were issues with governance; that there were pre-existing Council and NHS arrangements which required to now work together; that four Elected Members sat on the IJB; that he accepted the need for scrutiny; and that discussions between the Council, Health Board and HSCP were moving forward.

A Panel Member referred to the links between housing and health and social care and the work of the Council's Housing Services and Housing Associations and any issues arising; and the Director of Health and Social Care advised that significant progress had been made over the past 18 months; that a [report](#) had been submitted to the Leadership Panel on this matter in November 2018; that he was examining how to make best use of housing stock for older people; and that he would provide Members with a briefing on this matter if they wished.

The Panel, having considered the key issues raised in the Audit Scotland report on Health and Social Care Integration,

Decided: to note the contents of the report.

Internal Audit Reports.

8. Internal Audit – Progress Report (i) Progress of Annual Internal Audit Plan 2018/19; (ii) Implementation of Internal Audit Action Plans; and (iii) External Review – Exception Reporting.

There was submitted a [report](#) (issued) of 7 March 2019 by the Chief Internal Auditor outlining Internal Audit's progress regarding the 2018/19 internal audit annual plan, Directorate progress in regard to the implementation of action plans; and exceptions in respect of the external review of Public Sector Internal Audit Standards compliance.

A full discussion took place in relation to the Panel's consideration of "red reports" and the Head of Finance and ICT advised that Members received the full report for all audits under separate cover; and the Chief Internal Auditor further advised that the full report could be provided to this Panel for any "red reports", however, these would potentially require to be dealt with in private due to the detail within the full report.

The Panel, having considered the content of the report,

Decided: to continue consideration of this report to the next meeting of this Panel scheduled to be held on 29 May 2019 to allow further information to be sought on how to proceed in respect of the consideration of "red reports".

9. Proposed Internal Audit Plan 2019/20.

There was submitted a [report](#) (issued) of 7 March 2019 by the Chief Internal Auditor seeking approval for the proposed annual audit plan 2019/20, attached as Appendix 1 to the report.

Following questions from Members in relation to the outsourcing of 60 planned days, the Chief Internal Auditor advised that this was to cover a one-off period of absence, that she had contacted other suppliers and that there was availability to meet the gap in the next year.

The Panel, having considered the three year rolling audit programme 2019/20 to 2021/22,

Decided:

- (1) to approve the annual audit plan for 2019/20; and
- (2) to approve the use of outsourced audit resource to meet the resource gap identified for 2019/20.

10. Amended Internal Audit Charter.

There was submitted a [report](#) (issued) of 7 March 2019 by the Chief Internal Auditor seeking approval of the amended Internal Audit Charter.

The Panel,

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

The meeting ended at 11.35 a.m.