

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 6 November 2019 at 10.00 a.m.

Present: Councillors Martin Dowey (Chair), Alec Clark, Brian Connolly, Chris Cullen, Hugh Hunter, Lee Lyons, Helen Moonie and Arthur Spurling.

Attending: T. Baulk, Head of Finance and ICT; W. Carlaw, Service Lead – Democratic Governance; T. Eltringham, Director of Health and Social Care; T. Burns, Service Lead – Asset Management and Community Asset Transfer; C. Boyd, Service Lead – Risk and Safety; G. Cockburn, Acting Service Lead – Procurement; L. Miller, Chief Internal Auditor; M. Leonard, Senior Auditor; M. Vance, Solicitor; S. Baird, Team Leader (Community Asset Transfer); and J. McClure, Committee Services Lead Officer.

1. Declarations of Interest.

In terms of Standing Order No. 17, Councillor Hugh Hunter declared an interest in item 6 on the agenda entitled “Community Asset Transfer – Muirhead Activity Centre and Car Park, Troon – Request for Internal Review” as a family member attended Dundonald Gymnastics Club and he advised that he would leave the meeting during consideration of this item.

Similarly, the Head of Finance and ICT declared an interest in this item as he was a member of the Community Asset Transfer Advisory Group.

2. Call-ins from Leadership Panel.

The Panel noted that there were no call-ins from the Leadership Panel of 29 October 2019.

3. Minutes of Previous Meeting.

The Minutes of the meeting of [26 September 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 Panel

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

5. 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.

Having previously declared an interest in this item, Councillor Hugh Hunter and the Head of Finance and ICT left the meeting at this point.

Other Governance Reports.

6. Community Asset Transfer – Muirhead Activity Centre and Car Park, Troon – Request for Internal Review.

There was submitted a [report](#) (issued) of 31 October 2019 by the Director – Place requesting that the Panel consider the request for an internal review of the Leadership Panel decision to refuse the asset transfer of Muirhead Activity Centre (“the Centre”) and car park to Dundonald Gymnastics Club (DGC) SCIO Charity No. SC048271 (“the Community Transfer Body”).

The Service Lead – Asset Management and Community Asset Transfer outlined the current position in relation to this request for internal review and a full discussion took place in relation to the process for considering Community Asset Transfer applications; the criteria used by the Advisory Group on making its decision; the current usage of the Community Centre; alternative facilities in the area; and the merits of the application.

In response to a question on a procedural matter, the Solicitor advised that it was appropriate to consider the wider area when considering this request as the gymnastics club was for the benefit of the whole of South Ayrshire.

The Panel adjourned for consideration of this request and, upon reconvening,

Decided: having considered the review documents, to recommend to the Leadership Panel that it

- (1) approve the asset transfer of ownership of Muirhead Activity Centre and car park under Part 5 of the Community Empowerment (Scotland) Act 2015 to Dundonald Gymnastics Club SCIOSC048271 for the sum of Ten Thousand Pounds (£10,000) Sterling, subject to the conditions noted below, for the following reasons:

Reasons for Decision:

- (a) In assessing the market value against the benefits of the proposals, the following factors have been taken into account:
 - (i) the disposal is considered to be reasonable and will remove Muirhead Activity Centre from Council responsibility, the associated liability of costs and repairs of approximately £142,000 will pass to the Dundonald Gymnastics Club and the transfer would achieve annual revenue savings of approximately £73,000;

- (ii) the applicants have evidenced that they are a viable community transfer body with suitable skills and a sustainable business plan that is not dependant on on-going Council revenue funding;
 - (iii) the applicants have undertaken that they will repurpose the Centre for beneficial community use to primarily enhance health and social well-being for residents in Troon and the wider South Ayrshire population;
 - (iv) the proposals will make a positive contribution to meeting the strategic objectives of the Council Plan 2018-2020;
 - (v) the proposals will provide a high-quality, sustainable and well-managed sports facility including improved rental space for managed community use;
 - (vi) the potential for increased usage of hard court and multi-sport facility at Marr College as an alternative local venue for these activities;
 - (vii) the proposals will ensure children and young people are supported to achieve and maintain good emotional and physical wellbeing; and
 - (viii) the potential for the relocation by the Council of the after school club facility from the Muirhead Activity Centre to an enhanced and improved location;
- (b) the applicants have clearly evidenced that they are a robust and viable organisation with effective governance arrangements in place;
 - (c) full consideration has been given to the aims, objectives and vision of the applicants with clear thought to the future direction of the proposal. The proposal provides a social/ economic/ environmental impact and comprehensive evidence has been provided of need/demand including consultation, research and surveys;
 - (d) the applicants have evidenced some partnership working arrangements. Relevant links with groups has also been evidenced along with strong community engagement activity;
 - (e) the evidence provided indicates that sufficient financial resources are/ will be in place by the time of transfer and some resource planning has been demonstrated. Satisfactory income and expenditure and cash- flow forecast has been provided. Some consideration has been given to contingency planning; and
 - (f) satisfactory evidence has been provided that the applicants have the necessary capabilities to manage the asset and that they have sufficient awareness of the potential impact of the transfer on others with consideration given to potential barriers/ challenges. Adequate information has been provided on the anticipated social benefit/ impact of the transfer.

Conditions:

- (A) the sale price will be Ten Thousand Pounds (£10,000.00) Sterling;
 - (B) the property shall be used solely for community use by the Dundonald Gymnastics Club, as outlined in their asset transfer request and accompanying documentation lodged in support of the request. Any change in use will require the prior written consent of the Council which shall not be unreasonably withheld in the case of a proposed use which is consistent with the terms of the asset transfer request and accompanying documentation;
 - (C) the Dundonald Gymnastics Club agree to a clawback agreement whereby the Council will have the right to recover the financial discount being the sum of £140,000.00 if the expected benefits justifying the reduction are not delivered or if the property is no longer used by the Dundonald Gymnastics Club or if any other condition is not met;
 - (D) the Dundonald Gymnastics Club will grant a first ranking Standard Security over the property in favour of the Council;
 - (E) the transfer will be conditional on:
 - (I) Scottish Ministers' consent to the disposal of the Housing Revenue Account property under the terms of the Housing (Scotland) Act 1987 section 12(7) being in place at the date of the transfer;
 - (II) satisfactory confirmation that offers of grant/funding for delivery of the project are in place at the date of transfer; and
 - (III) the requisite consents, statutory or otherwise, required to carry out the project being in place at the date of transfer;
- (2) include in the decision notice a statement that, if the Dundonald Gymnastics Club wishes to proceed with the acquisition, it must, within a period of 6 months starting from the date on which the decision notice is given, submit to the Council an offer to acquire ownership of the property; and
- (3) in the event that an offer under paragraph 2 above is received, request the Head of Regulatory Services to conclude the sale in accordance with the above recommendations and subject to such further terms and conditions as are considered appropriate.

Councillor Hunter and the Head of Finance and ICT rejoined the meeting at this point.

Internal Audit Reports.

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

There was submitted a [report](#) (issued) of 29 October 2019 by the Chief Internal Auditor outlining Internal Audit's progress regarding the 2019/20 internal audit plan; directorate progress regarding the implementation of action points and the most recent quality assurance and improvement programme.

Questions were raised by Panel Members in relation to the progress being made on various actions and the Chief Internal Auditor advised that, due to the timing difference between the papers being prepared and the date of the Panel meeting, progress was now more advanced.

The Panel, having considered the report and having commended the new layout of the information provided,

Decided: to note the contents of the report.

8. Revised Internal Audit Plan 2019/20.

There was submitted a [report](#) (issued) of 29 October 2019 by the Chief Internal Auditor seeking approval of a revision to the internal audit plan for 2019/20.

Various questions were raised by Panel Members on the work of the Internal Audit service and the Chief Internal Auditor advised that work was on track despite staff absences; and whether assistance had been sought from external providers and the Chief Internal Auditor advised that external assistance had only been sought to cover maternity leave within the section. A Panel Member then stated that, should officers of Internal Audit have difficulty in carrying out its workload due to staff shortages, this Panel should be made aware of this.

A further question was raised regarding main accounting coding and suspense accounts and the Chief Internal Auditor outlined the recent review around this area and the processes used and the Head of Finance and ICT further advised that the change of approach was beneficial to Finance Officers and the Auditors.

The Panel, having scrutinised the revision and having thanked the Chief Internal Auditor and her staff for the work undertaken,

Decided: to approve the revision to the 2019/20 internal audit plan.

9. Improvement Actions in Response to Revenue and Contracts and Creditors Care Payments Audit Report.

There was submitted a [report](#) (issued) of 29 October 2019 by the Director of Health and Social Care providing an update on the actions taken in response to the Audit Report on Revenue Contracts and Creditors Care Payments, a summary of which was presented to Panel on 28 August 2019.

The Director of Health and Social Care acknowledged the Panel's concerns regarding the red report, updated the Panel on the current position and advised that good progress had been made with all the risks which had previously been identified and that work was still ongoing with two of the items. He further advised that it had been agreed at the recent meeting of the Leadership Panel to transfer the post of Commissioning and Contracts Officer to the Council's Procurement Section and the Acting Service Lead – Procurement provided the Panel with an update of the work carried out by Procurement in conjunction with the Health and Social Care Partnership.

Following a question from a Member on the risks associated with purchase orders, the Head of Finance and ICT outlined the process for the use of purchase orders which was being implemented within the Health and Social Care Partnership on 1 April 2020.

Following a further question on how the Panel could be assured that Best Value was being achieved, the Acting Service Lead – Procurement advised that he was liaising with the appropriate officers in the Health and Social Care Partnership to ensure that best value was being achieved when awarding contracts.

A question was raised regarding whether potential savings through the procurement of contracts were prioritised and the Director of Health and Social Care advised that a significant amount of work had been carried out in liaison with Procurement Officers in prioritising this work when procuring various services.

The Panel, having considered the actions which had been undertaken to address the recommendations raised in the Audit report,

Decided: to request a further update at the meeting of this Panel scheduled to be held on 29 January 2020.

Other Governance Reports.

10. Strategic Risk Management.

There was submitted a [report](#) (issued) of 29 October 2019 by the Head of Regulatory Services updating the Panel on the reviewed Strategic Risk Register – October 2019 (as outlined in Appendix 1 to the report) in line with the agreed reporting framework.

A Panel Member commented on the encouraging low level risks within the report and thanked all Officers involved on the progress made.

The Panel, having considered the reviewed Strategic Risk Register updated by Chief Officers (attached as Appendix 1 to the report),

Decided:

- (1) to note the ten key risks and to endorse the work currently being undertaken or proposed by risk owners to mitigate these risks; and
- (2) to remit the Strategic Risk Register to the Leadership Panel of 26 November 2019 for endorsement.

The meeting ended at 12.20 p.m.