

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held BY SKYPE
on TUESDAY, 16 MARCH 2021**

Present:

Martin Caldwell (Chair)

Councillor Jim Findlay	Councillor Sandy Taylor
Councillor George Freeman	Councillor Richard Trail
Councillor Sir Jamie McGrigor	Councillor Andrew Vennard
Councillor Alan Reid	

Attending:

Pippa Milne, Chief Executive
Kirsty Flanagan, Chief Financial Officer
Jane Fowler, Head of Customer Support Services
Jim Smith, Head of Roads and Infrastructure Services
Fergus Murray, Head of Development and Economic Growth
Laurence Slavin, Chief Internal Auditor
Shona Barton, Committee Manager
Anne MacDougall, Finance Manager
Iain Jackson, Governance and Risk Manager
Stuart Green, Corporate Support Manager
Annemarie McLean, Auditor
Jim Rundell, Audit Scotland
Gordon McAllister, Audit Scotland

1. APOLOGIES

The Chair welcomed everyone to the meeting.

There were no apologies for absence intimated.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTE OF PREVIOUS MEETING HELD ON 15 DECEMBER 2020

The minute of the previous meeting of the Audit and Scrutiny Committee, held on 15 December 2020, was approved as a correct record.

4. INTERNAL AUDIT AND COUNTER FRAUD SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing a summary of Internal Audit activity and progress during quarter four of 2020/21 against the following areas:

Audits Completed

- Pupil Placements
- Contract Management – Property Services

Audits in Progress

- Capital Monitoring

- Sickness Absence
- Intercompany Controls
- Charging for Non-residential Care services
- Disaster Recovery Planning (ICT)
- Warden Services
- Workforce Planning

Information was also provided on the progress of the Counter Fraud Team (CFT), which is now fully operational utilising desktop investigations.

Decision

The Audit and Scrutiny Committee agreed to note and endorse the Summary of Activities report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

Councillor Vennard joined the meeting at 10:13am, during discussions at agenda item 4 (Internal Audit and Counter Fraud Summary of Activities).

5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2020-21

Consideration was given to a report providing an update on all open actions as at 30 December 2020 including information on actions where the agreed implementation date had been rescheduled.

Decision

The Audit and Scrutiny Committee agreed to endorse the contents of the report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2020/21

The Audit and Scrutiny Committee gave consideration to a report containing the action plans in relation to the following two audits:-

- Pupil Placements
- Contract Managements – Property Services

Decision

The Audit and Scrutiny Committee agreed to endorse the summary report and the detail within each individual report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

7. 2021/22 INTERNAL AUDIT PLAN

Consideration was given to a report introducing the 2021/22 Internal Audit Annual Audit Plan, which is risk based and aligned to the Council's long term outcomes, corporate objectives and strategic risk register. The plan also incorporates continuous monitoring and verification activity.

Decision

The Audit and Scrutiny Committee agreed to endorse the Internal Audit Annual Plan 2021/22.

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

8. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

The Committee gave consideration to a report outlining the proposed changes to the Internal Audit Charter and Internal Audit Manual, both of which have been updated to reflect minor changes in the working practices within Internal Audit.

Decision

The Audit and Scrutiny Committee:-

1. approved the amended Internal Audit Charter (Appendix 1); and
2. approved the amended Internal Audit Manual (Appendix 2).

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

9. 2020/21 AUDIT PROGRESS REPORT

The Audit and Scrutiny Committee gave consideration to a report providing an update of current progress on external audit activity and recent national performance reports which have been published or are due.

Decision

The Audit and Scrutiny Committee noted the contents of the report.

(Reference: Report by Audit Scotland, dated 16 March 2021, submitted)

10. LOCAL GOVERNMENT IN SCOTLAND - FINANCIAL OVERVIEW 2019-20

The Audit and Scrutiny Committee gave consideration to a report presenting the main issues raised in the recent Local Government Financial Overview 2019-20 report by the Accounts Commission and highlighting relevant matters to the Committee.

Decision

The Audit and Scrutiny Committee considered the contents of the Accounts Commission report.

(Reference: Report by Section 95 Officer, dated 16 March 2021, submitted)

11. VERBAL UPDATE BY CHAIR(S) OF SCRUTINY PANEL

Councillor Taylor advised of the delay in progressing the review of the Strategic Housing Fund due to the Covid-19 pandemic. He advised of a number of factors taken into consideration by the Panel and advised of a meeting scheduled to take place on 8 April 2021 with officers from the Scottish Government in the hope of gaining the benefit of

external oversight, particularly in relation to how the Council deals with the Strategic Housing Fund.

Decision

The Audit and Scrutiny Committee agreed to note the contents of the verbal update by the Chair of the Scrutiny Panel.

12. ECONOMIC STRATEGY SCRUTINY REVIEW

Consideration was given to the Economic Strategy Scrutiny Review, which was the first scrutiny review carried out as per the 2019/20 Scrutiny Plan. The Scrutiny Panel consisted of Martin Caldwell (Chair) and Councillors Findlay and McGrigor with the support of internal audit officers. The review examined the foundation of the strategy to assess whether the approach adopted was robust and whether the approach or the strategy could be improved.

Decision

The Audit and Scrutiny Committee:-

1. agreed the Draft Economic Strategy Scrutiny Report; and
2. agreed that the Economic Strategy Scrutiny Report be presented to the Environment, Development and Infrastructure Committee for consideration.

(Reference: Report by Chair of the Audit and Scrutiny Committee, dated 16 March 2021, submitted)

Members discussed future arrangements for scrutiny. It was agreed that a development session would be arranged prior to the next meeting of the Committee to discuss possible scrutiny topics and the process for taking them forward. The Chief Internal Auditor agreed to provide a report to the meeting of the Audit and Scrutiny Committee on 15 June 2021 in this regard.

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13. SCRUTINY FRAMEWORK AND MANUAL UPDATE

The Committee gave consideration to a report outlining the proposed changes to the Council's Scrutiny Framework and Manual, both of which have been updated to reflect changes in working practices as the approach to scrutiny has evolved and to reflect on the Lessons Learned report considered by the Committee at its meeting on 17 March 2020.

Decision

The Audit and Scrutiny Committee:-

1. approved the amended Scrutiny Manual (Appendix 1); and
2. approved the amended Scrutiny Framework (Appendix 2).

(Reference: Report by Chief Internal Auditor, dated 16 March 2021, submitted)

14. BEST VALUE IMPROVEMENT ACTION PLAN UPDATE

Consideration was given to a report providing an update on the Best Value Improvement Action Plan, which emerged from the Accounts Commission findings of the Controller of Audits Statutory Report on the Council.

Decision

The Audit and Scrutiny Committee:-

1. noted the update against the themes of the Best Value Improvement Action Plan; and
2. noted the full update as set out within Appendix 1.

(Reference: Report by Chief Executive/Head of Customer Support Services, dated 16 March 2021, submitted)

15. PERFORMANCE MANAGEMENT REVIEW UPDATE

The Audit and Scrutiny Committee gave consideration to a report providing background information on the Performance Management Review including an update on the current status of the project.

Decision

The Audit and Scrutiny Committee noted the update on the Performance Management Review.

(Reference: Report by Executive Director with responsibility for Customer Support Services, dated 16 March 2021, submitted)

16. WASTE MANAGEMENT

Consideration was given to a report providing a detailed update in terms of the Council's position in relation to waste management. Discussion was had in relation to members understanding of the complexities of the waste strategy. The Committee Manager agreed to liaise with the Chief Internal Auditor and the Head of Roads and Infrastructure Services with a view to including this item as a topic for discussion at the development session to take place before the next meeting of the Committee.

Decision

The Audit and Scrutiny Committee noted the contents of the report.

(Reference: Report by Executive Director with responsibility for Development and Infrastructure Services, dated 16 March 2021, submitted)

17. REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 (RIPSA) ANNUAL REPORT

In line with the Scottish Government Code of Practice on Covert Surveillance and Property Interference, the Committee gave consideration to the annual report on the use of The Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA).

The Governance and Risk Manager advised that the Council had recently had its 2 yearly inspection of the governance and procedural arrangements for complying with the requirements of RIPSAs and the Code of Practice by the Investigatory Powers Commissioner's Office (IPCO). He advised that the Commissioners report on the inspection on 5 March confirmed that he was satisfied that relevant staff continue to be sufficiently knowledgeable and proficient in the processes required to ensure compliance when deploying covert tactics and he was confident that those charged with compliance and governance with RIPSAs are fully invested in ensuring the Council will adopt best practice when using covert tactics.

Decision

The Audit and Scrutiny Committee agreed to note the terms of the report.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 16 March 2021, submitted)

18. UNAUDITED ANNUAL ACCOUNTS 2020-21

Consideration was given to a report advising of the plans in place for financial year end 31 March 2021 and the preparation of the Council's Unaudited Annual Accounts for 2020-21.

Decision

The Audit and Scrutiny Committee agreed to note that plans are in place to prepare the Council's Annual Accounts, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2021.

(Reference: Report by Section 95 Officer, dated 16 March 2021, submitted)

19. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report seeking Member's endorsement of the proposed Treasury Management Strategy Statement and Annual Investment Strategy. The report also set out the policy for the repayment of loan fund advances for 2021-22. Following concerns of Members on the reporting mechanism for the Treasury Management Strategy and Annual Investment Strategy, the Chief Financial Officer agreed to consider the reporting timetable going forward.

Decision

The Audit and Scrutiny Committee:-

1. endorsed the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. noted the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used;
3. noted the proposed asset repayment periods as detailed within section 2.6 of the Treasury Management Strategy Statement; and

4. noted the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Reference: Report by Interim Head of Financial Services, dated 16 March 2021, submitted)

20. WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee, Members considered the outline Audit and Scrutiny Committee workplan. The Chief Internal Auditor outlined a number of revisions required. The Senior Committee Assistant agreed to update the plan accordingly.

Decision

The Audit and Scrutiny Committee agreed to note the outline workplan.

(Reference: Audit and Scrutiny Committee workplan, dated 16 March 2021, submitted)