

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held BY MICROSOFT TEAMS
on TUESDAY, 15 MARCH 2022**

Present:

Martin Caldwell (Chair)

Councillor Jim Findlay	Councillor Alan Reid
Councillor Jim Lynch	Councillor Richard Trail
Councillor Sir Jamie McGrigor	Councillor Andrew Vennard

Attending:

Jane Fowler, Head of Customer Support Services
Anne Blue, Interim Head of Financial Services
Jim Smith, Head of Roads and Infrastructure Services
Shona Barton, Committee Manager
Moira Weatherstone, Interim Chief Internal Auditor
Stuart Green, Corporate Support Manager
John Cornett, Director, Audit Scotland
Kyle McAulay, Senior Audit Manager, Audit Scotland

1. APOLOGIES

The Chair welcomed everyone to the meeting and advised that this was the last meeting of the Committee in this term of the Council. He took the opportunity to thank all the Members of the Committee for their hard work and efforts in the execution of their duties as Members of the Audit and Scrutiny Committee.

Apologies were intimated on behalf of Councillor George Freeman.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTE OF PREVIOUS MEETING HELD ON 14 DECEMBER 2021

The Minute of the previous meeting of the Audit and Scrutiny Committee, held on 14 December 2021 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 three of 2021/22 against the following areas:

Audits Completed

- Environmental Health
- Live Argyll Budget Monitoring
- Purchasing Cards

Audits in Progress

- Civil Contingencies

- Complaints Handling – HSCP
- ELC – Parental Satisfaction
- Workforce Planning – HSCP

2021/22 Audit Plan

- Climate Change Act
- ICT – Remote Working
- Planning Applications

The report also included information on the work carried out by the Counter Fraud Team (CFT) since 14 December 2021 and provided an update on total billing to date as a direct consequence of their work.

Decision

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

Councillor Jim Findlay joined the meeting at 10:12am, during discussion of agenda item 4 (Internal Audit and Counter Fraud Summary of Activities).

5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2021-22

Having noted the concerns around the limited level of assurance that had been placed on the Contract Management audit, presented to them at their meeting on 14 December 2021, the Committee heard from the Head of Roads and Infrastructure Services who provided assurance that performance monitoring and reporting arrangements had been put in place for the contracts that are currently in progress. Mr Smith advised of the review into contract management procedures and confirmed that arrangements were in place to ensure weekly management meetings between the Network and Operation teams and that a session was planned for the extended team to ensure clarity on the formal structure around roles and responsibilities with regard to contracts.

The Chair thanked Mr Smith and his team for the work that had been carried out to rectify the situation.

The Committee then gave consideration to a report providing an update on all open actions as at 31 December 2021 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 Interim Chief Internal Auditor, dated 15 March 2022, submitted)

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2021/2022

The Audit and Scrutiny Committee gave consideration to a report containing the action plans in relation to the following 3 audits:-

- Environmental Health
- Live Argyll Budget Monitoring
- Purchasing Cards

Decision

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

Councillor Jim Lynch joined the meeting at 10:28am, during discussions of agenda item 6 (Internal Audit Reports to Audit and Scrutiny Committee 2021/22).

7. REVISED 2021/22 INTERNAL AUDIT ANNUAL PLAN

Consideration was given to a report presenting the revised 2021/22 Internal Audit Annual Plan.

Decision

The Audit and Scrutiny Committee agreed and approved the revised Internal Audit Annual Plan 2021/22 (Appendix 1).

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

8. 2022/23 INTERNAL AUDIT PLAN

The Committee gave consideration to a report which introduced the 2022/23 Internal Annual Audit Plan.

Decision

The Audit and Scrutiny Committee agreed and endorsed the Internal Audit Annual Plan 2022/23 (Appendix 1).

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

9. EXTERNAL AUDIT - 2021/22 ANNUAL PLAN

Consideration was given to a report presenting the annual audit plan, which contained an overview of the planned scope and timing of the audit and set out the work required to allow for an independent auditor's report on the annual accounts and the audit of Best Value.

Having noted that this would be the last time the Annual Plan would be presented by the current Audit Scotland team, the Chair took the opportunity to thank Audit Scotland for their work and assistance over the years.

Decision

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

(Reference: Report by Audit Scotland, submitted)

10. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

The Committee gave consideration to a report which outlined the proposed changes to the Internal Audit Charter and Internal Audit Manual.

Decision

The Audit and Scrutiny Committee agreed to:-

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

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

Martin Caldwell, the Chair of the Community Asset Transfer Review Panel provided a short update in relation to the progress of the review. He advised that the report was all but complete with only the final statement outstanding. He advised that the intention was to present the report at the first meeting of the Audit and Scrutiny Committee following the induction of the new Council. Mr Caldwell took the opportunity to thank Councillors McGrigor and Trail for their help and assistance with the review.

Councillor Lynch, the Chair of the Fly Tipping Review Panel provided a short update in relation to the progress of the review. He advised of issues in establishing the correct number of incidents of fly tipping and outlined a number of areas that require to be addressed, including the definition of fly tipping, prior to progressing the review and advised that work was ongoing in this regard.

Decision

The Audit and Scrutiny Committee agreed to note the content of the verbal updates by the Chairs of the Scrutiny Panels.

12. SCRUTINY FRAMEWORK AND MANUAL UPDATE

Consideration was given to a report outlining the proposed changes to the Council's Scrutiny Framework and Manual.

Decision

The Audit and Scrutiny Committee agreed to:-

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

(Reference: Report by Interim Chief Internal Auditor, dated 15 March 2022, submitted)

13. UNAUDITED ANNUAL ACCOUNTS 2021-22

Consideration was given to a report which outlined the plans in place for financial year end 31 March 2022 and the preparation of the Council's Unaudited Annual Accounts for 2021-22.

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 2022.

(Reference: Report by Section 95 Officer, dated 16 February 2022, submitted)

14. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report seeking endorsement of the proposed Treasury Management Strategy Statement and Annual Investment Strategy, and which set out the policy for the repayment of loans fund advances for 2022-23.

Decision

The Audit and Scrutiny Committee agreed to:-

1. endorse the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. note 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. note the proposed asset repayment periods as detailed within section 2.6 of the Treasury Management Strategy Statement; and
4. note the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by the Council's external treasury management advisors.

(Reference: Report by Section 95 Officer, dated 10 February 2022, submitted)

15. BEST VALUE IMPROVEMENT ACTION PLAN UPDATE

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

Decision

The Audit and Scrutiny Committee agreed to:-

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

(Reference: Report by Chief Executive, dated 22 February 2022, submitted)

16. 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 annual report on the use of the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) was before the Committee for noting.

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 15 March 2022, submitted)

17. WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee, Members considered the outline Audit and Scrutiny workplan.

The Audit and Scrutiny workplan was before the Committee for noting.

Decision

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

(Reference: Audit and Scrutiny Workplan, dated 15 March 2022, submitted)

Having established that Councillors Findlay and Trail were retiring at the end of the current term of the Council, the Chair took the opportunity to say a few words of thanks and wished them both well in the next stage of their lives. Mr Caldwell also took the opportunity to wish the other Members good luck with their election campaigns.