

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on TUESDAY, 18 JUNE 2019**

Present: Martin Caldwell (Chair)

Councillor Jim Findlay	Councillor Sandy Taylor
Councillor George Freeman	Councillor Richard Trail
Councillor Alan Reid	

Attending: Cleland Sneddon, Chief Executive
Pippa Milne, Executive Director of Development and Infrastructure Services
Kirsty Flanagan, Head of Strategic Finance
Jane Fowler, Head of Improvement and HR
Laurence Slavin, Chief Internal Auditor
Shona Barton, Area Committee Manager
Sonya Thomas, Performance and Improvement Officer
Abbie Macalister, Accountant
Leanne Rennie, Audit Assistant
Katherine Sibbald, Audit Manager, Audit Scotland
Jim Rundell, Manager, Audit Scotland
David Meechan, Senior Auditor, Audit Scotland

In order to facilitate the running order of Audit and Scrutiny Items and also to facilitate the commitments of officers in attendance, the Chair moved and the Committee agreed to take agenda items out of sequence. This minute reflects the order in which discussion took place.

1. APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting.

Apologies for absence were intimated on behalf of Councillors Sir Jamie Mcgrigor and Andrew Vennard.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minute of the Audit and Scrutiny Committee as held on Tuesday, 19 March 2019 was approved as a true record.

The Chair, having previously identified a possible learning opportunity for the Committee and Elected Members in respect of understanding the financial dynamics of a local authority, provided a short update on the progress of the development session which he hoped to run prior to a future Committee meeting.

4. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing a summary of Internal Audit activity and progress during Quarter 1 of 2019/20 against a number of areas, which included:

- 2018/19 Audit Plan Progress
- 2019/20 Audit Plan Progress
- Additional audit team activity
- Continuous monitoring
- Internal Audit development plan
- Performance indicators

The Chief Internal Auditor expressed his gratitude and thanks to the Internal Audit team and in particular to Leanne Rennie and Abbie Macalister for their continued hard work and support in the delivery of the 2018/19 plan.

Decision:

The Audit and Scrutiny Committee agreed to endorse the report.

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

5. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2018/2019

The Committee gave consideration to a report containing the action plans in relation to the following 6 audits:

- Early Years Provision
- Traffic Regulation Orders
- Land & Asset Disposal
- School Fund Governance
- Off-Payroll
- Self-Directed Support

Discussion was had in respect of the Council's approach to carrying out impact assessments to help inform policy decisions. The Chair suggested that this could be a topic for future scrutiny. The Chief Internal Auditor confirmed that there would be no barrier to proposing this as a potential scrutiny topic and that it would be assessed against the scrutiny prioritisation process in the same way any proposed topic. The timing of a potential review would be, to an extent, dictated by the timing of Part 3 of the Islands (Scotland) Act 2018 coming into effect. This is the part of the Act which relates to island impact assessment. In addition to Part 3 of the Islands Act the review would also consider the Fairer Scotland Duty (Part 1 of the Equality Act 2010 which came into force on 1 April 2018) which sets out the Council's legal responsibility to actively consider how it can reduce inequalities of outcome caused by socioeconomic disadvantage, when making strategic decisions. As a potential topic this may be considered for the 2020/21 scrutiny plan depending on whether the Part 3 of the Islands (Scotland) Act 2018 has come into effect and on the presumption that there will be a body of evidence in place to enable effective scrutiny to be performed.

Decision:

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

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

6. INTERNAL AUDIT REPORT FOLLOW-UP 2018-19

The Committee gave consideration to a report providing updates on all open actions as at 31 March 2019 including information on actions where the agreed implementation date has been rescheduled.

Decision:

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

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

7. INTERNAL AUDIT - ANNUAL REPORT 2018/19

The Committee gave consideration to a report highlighting the work undertaken by Internal Audit in respect of the Annual Audit Plan 2018/19 and outlining the contents of the Chief Internal Auditor's independent annual opinion on the effectiveness of the Council's risk management, internal control and governance processes.

Decision:

The Audit and Scrutiny Committee agreed to endorse the content of the report and the associated annual opinion of the Chief Internal Auditor.

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

8. MANAGEMENT REPORT 2018/19

The Committee gave consideration to a report from Audit Scotland containing a summary of the key issues identified during the interim audit work carried out at Argyll and Bute Council. The report included information on the testing of key controls within financial systems to gain assurance over the processes and systems used in preparing the annual accounts and the follow up of prior year action points. The report also highlighted opportunities for improvement.

Decision:

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

(Reference: Report by Audit Scotland, submitted.)

9. LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE

The Committee gave consideration to a report highlighting the challenges faced by local authorities in Scotland to adapt to the changing needs of their local population. Information was provided in respect of the main ways Councils are responding to

increasing demand and reduced funding as well as the impact on performance in key service areas and public satisfaction. The report was supplemented by a presentation from the Audit Manager of Audit Scotland.

Decision:

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

(Reference: Report by Audit Scotland, submitted.)

10. EXTERNAL AUDIT UPDATE REPORT

The Committee gave consideration to a report providing an update on the current progress on external audit activity in respect of governance; audit dimensions; best value; grant claims; annual accounts audit; national performance reports and affordable housing.

Decision:

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

(Reference: Report by Audit Scotland, submitted.)

11. STRATEGIC RISK REGISTER

The Committee gave consideration to a report providing an update on the Council's Strategic Risk Register (SRR). The report demonstrated how the Council are treating the identified risks in terms of the mitigation currently considered to be in place and the actions being taken to further reduce the residual risk.

Decision:

The Audit and Scrutiny Committee agreed to endorse the updated Strategic Risk Register, as outlined at Appendix 1 of the report.

(Reference: Report by Chief Executive, dated 18 June 2019, submitted.)

12. MONEY SKILLS ARGYLL SCRUTINY REVIEW

The Committee gave consideration to a report presenting the findings of the first scrutiny review carried out as per the 2018/19 scrutiny plan.

Councillor Taylor took the opportunity to thank his fellow Panel members, Councillors Findlay and Reid and the audit officers who provided support during the review of Money Skills Argyll (MSA).

Decision:

The Audit and Scrutiny Committee:

1. agreed to note the contents of the Money Skills Argyll (MSA) review; and
2. agreed that the Money Skills Argyll (MSA) review be presented to the Council's SMT for consideration.

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

The Chair ruled and the Committee agreed, to adjourn for a comfort break at 1.35pm. The Committee reconvened at 2.00pm with all in attendance as per the sederunt.

13. UNAUDITED FINANCIAL ACCOUNTS

The Committee gave consideration to a report providing an overview of the Unaudited Annual Accounts for 2018-19 and a summary of the significant movements from 2017-18. Information on the revenue outturn for 2018-19 was also provided.

Decision:

The Audit and Scrutiny Committee agreed to note the Unaudited Annual Accounts for the year ended 31 March 2019.

(Reference: Report by Head of Strategic Finance, dated 18 June 2019, submitted.)

14. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK 2017/18 - ANALYSIS AND COMMENTARY

The Committee gave consideration to a report presenting the final Local Government Benchmarking Framework (LGBF) 2017/18 data for Argyll and Bute which included 'Telling Our Story' and 'Looking Forward – Expected Impact On Indicator' commentary from Heads of Service.

Decision:

The Audit and Scrutiny Committee agreed:

1. to note the contents of the report prior to publication as part of our statutory Public Performance Reporting duty;
2. to refer the relevant sections of the LGBF report to Strategic Committees to enable them to scrutinise and agree associated performance improvements and monitor feedback; and
3. to send the report to a members' seminar to raise awareness and to better enable members to carry out their scrutiny function.

(Reference: Report by Executive Director of Customer Services, dated 18 June 2019, submitted.)

15. COUNCIL PERFORMANCE REPORT - OCTOBER TO MARCH 2019

The Committee gave consideration to a report presenting the Council's Performance Report and Scorecard for FQ3 and FQ4 – October to March 2019. Discussion took place in respect of the reporting templates with Members agreeing that it was helpful for the presentation of trend information to be in chart form.

Decision:

The Audit and Scrutiny Committee agreed:

1. to note the Council's Performance Report and Scorecard for the purposes of scrutinising the Council's performance;
2. that the revised reporting template include the presentation of the off-track indicators in chart form; and
3. to note the recent developments of the PIF and the planned activity for 2019/20.

(Reference: Report by Executive Director of Customer Services, dated 18 June 2019, submitted.)

16. COMMUNICATIONS TEAM SELF-EVALUATION FINDINGS

As part of the Council's improvement programme, a number of service self-evaluation exercises are being carried out. The Committee gave consideration to a report setting out the findings for the Communications Team, the first team to have undertaken this self-evaluation exercise.

Decision:

The Audit and Scrutiny Committee agreed to endorse the findings as set out in Appendix 1 of the report.

(Reference: Report by Executive Director of Customer Services, dated 18 June 2019, submitted.)

17. 2019 EMPLOYEE SURVEY AND ORGANISATIONAL CULTURE AUDIT

The Committee gave consideration to a report presenting the findings from the Council's 2019 Employee Survey and the Organisational Culture audit and the combined action plan developed in response.

Decision:

The Audit and Scrutiny Committee agreed:

1. to endorse the 2019 Employee Survey Report;
2. to endorse the Organisational Culture Audit Report; and
3. to endorse the combined action plan.

(Reference: Report by Communications Manager and Chief Internal Auditor, dated 18 June 2019, submitted.)

18. 2019/20 SCRUTINY PLAN

The Committee gave consideration to a report presenting the proposed 2019/20 Scrutiny Plan.

Decision:

The Audit and Scrutiny Committee:

1. approved the 2019/20 Scrutiny Plan;
2. agreed the membership of the first two 2019/20 scrutiny panels as follows:
 - Review of Economic Strategy – Martin Caldwell, Councillor Jim Findlay and Councillor Sir Jamie McGrigor
 - Review of Strategic Housing Fund – Councillor Sandy Taylor, Councillor George Freeman and Councillor Andrew Vennard;
3. agreed that membership of the third 2019/20 scrutiny panel will be agreed at the September 2019 sitting of the Audit and Scrutiny Committee; and
4. noted that a lessons learned report will be presented to Committee in March 2020.

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

19. SAFEGUARDING PUBLIC MONEY

The Committee gave consideration to a report presenting the Accounts Commission report 'How councils work; Safeguarding public money: are you getting it right?'

Decision:

The Audit and Scrutiny Committee agreed to note the Chief Internal Auditor's summary position against each of the Councillor checklists in the 'How councils work; Safeguarding public money: are you getting it right?' report.

(Reference: Report by Chief Internal Auditor, dated 18 June 2019, submitted.)

20. REVIEW OF CODE OF CORPORATE GOVERNANCE

The Committee gave consideration to a report advising that the Council's Governance Group has reviewed the action plan for 2018/19 and updated the content of the local code of corporate governance to reflect the governance position within the Council for 2018/19. The report also advised on the progress of the action plan for 2019/20 and the statement of governance and internal control in the Annual Accounts for 2018/19.

Decision:

The Audit and Scrutiny Committee agreed:-

1. to note the updates in the Action Plan for 2018/19;
2. to approve the content of the revised Code of Corporate Governance for 2018/19;
3. to approve the content of the Action Plan for 2019/20; and

4. to approve the draft statement of governance and internal control for 2018/19.

(Reference: Report by Executive Director of Customer Services, dated 18 June 2019, submitted.)

21. DRAFT AUDIT AND SCRUTINY COMMITTEE WORKPLAN

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

Decision:

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

(Reference: Audit and Scrutiny Committee Workplan, dated 18 June 2019, submitted.)