

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held BY MICROSOFT TEAMS
on THURSDAY, 16 MARCH 2023**

Present: Martin Caldwell (Chair)

Councillor Daniel Hampsey	Councillor Jim Lynch
Councillor Graham Hardie	Councillor Andrew Vennard
Councillor Reeni Kennedy-Boyle	

Attending: Jane Fowler, Head of Customer Support Services
Anne Blue, Head of Financial Services
Paul MacAskill, Chief Internal Auditor
Shona Barton, Governance Manager
Stuart Green, Corporate Support Manager
Morag Cupples, Principal Accountant
Mhairi Weldon, Senior Audit Assistant
Cameron Waddell, Mazars

1. APOLOGIES

The Chair welcomed everyone to the meeting and in particular to Cameron Waddell from Mazars, who was attending his first meeting in his capacity of external audit.

Apologies for absence were intimated on behalf of:-

Councillor Mark Irvine

2. DECLARATIONS OF INTEREST

Councillor Jim Lynch noted in relation to agenda item 5 (Internal and External Audit Report Follow Up 2022-23) that he was appointed to the Oban BID Board by the Council. Having taken note of the updated Standards Commission Guidance in relation to declarations (issued on 7 December 2021) with specific reference to 5.4(c) he did not consider that he had a relevant connection and as such would remain in the meeting and take part in consideration of this item.

3. MINUTE OF PREVIOUS MEETING OF THE AUDIT AND SCRUTINY COMMITTEE HELD ON 20 DECEMBER 2022

The Minute of the previous meeting of the Audit and Scrutiny Committee, held on 20 December 2022 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 4 of 2022/23 against the following areas:

Audits Completed

- Procurement

- Events Management
- Client Funds
- Customer Service Centre

Audits in Planning/Progress

- Purchasing Cards
- Building Standards
- Cyber Security
- Management of Debt and Debt Recovery
- Burial Records
- Counselling in Schools
- Equality and Socio-Economic Impact Assessment
- Payroll

The report also included information on the work carried out by the Counter Fraud Team (CFT) and provided an update on the commencement of local work as a result of information received from the National Fraud Initiative (NFI) matching service.

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 2023, submitted)

5. INTERNAL AND EXTERNAL AUDIT REPORT FOLLOW UP 2022-23

Consideration was given to a report which provided an update on all open actions as at 31 December 2022, 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 2023, submitted)

6. INTERNAL AUDIT - EXTERNAL QUALITY ASSESSMENT

Consideration was given to a report which provided information on the findings from the recent external quality assessment of the Council's Internal Audit in accordance with the Public Sector Internal Audit Standards (PSIAS).

Decision

The Audit and Scrutiny Committee reviewed and endorsed the findings of the assessment, at Appendix 1 of the report including the agreed action plan.

(Reference: Report by Chief Internal Auditor, dated 16 March 2023, submitted)

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

Martin Caldwell, Chair of the Public Consultation Review Panel provided a short update in relation to the progress made since the review commenced. He advised of the work carried out in order to identify the six themes that underpin the review and outlined a number of questions which have aided in the identification of gaps and areas for improvement within the current system. Mr Caldwell advised that a draft report was currently being prepared and that he hoped to be in a position to provide the final report at the next meeting.

Councillor Jim Lynch, Chair of the Fly Tipping Review Panel provided a short update in relation to the progress made since the last meeting. Having previously advised of the difficulties in defining fly tipping and in particular to the issues that have presented in seeking information to allow for a fair review to be conducted, Councillor Lynch advised of the steps being taken to sort the disconnect to allow for the review to re-commence in the summer.

8. 2023/24 INTERNAL AUDIT PLAN

The Committee gave consideration to a report which introduced the 2023/24 Internal Audit Annual Audit Plan.

Decision

The Audit and Scrutiny Committee agreed and endorsed the Internal Audit Annual Plan 2023/24 (Appendix 1).

(Reference: Report by Chief Internal Auditor, dated 16 March 2023, submitted)

9. EXTERNAL AUDIT - 2022/23 ANNUAL PLAN (Pages 7 - 22)

The Committee gave consideration to a short presentation from Cameron Waddell, of Mazars, who have been engaged as the External Auditors of Argyll and Bute Council. Mr Waddell outlined the scope and approach of the audit process and advised of the development of the audit strategy and provided a draft timeline for the Financial Statements Audit 2022/23. He outlined the audit progress together with the wider scope of public audit which focuses on financial management; financial sustainability; vision, leadership and governance and the use of resources to improve outcomes, the results of which will be reported in the annual audit report. Mr Waddell spoke of the 7 themes of best value and highlighted the 2022/23 best value approach and provided detail on the revised ISA 315.

The Chair on behalf of the Committee thanked Mr Waddell for the information provided.

Decision

The Audit and Scrutiny Committee agreed to note the information provided.

(Reference: Presentation by Mazars, submitted)

10. UNAUDITED ANNUAL ACCOUNTS 2022-23

Consideration was given to a report which outlined the plans in place for financial year end 31 March 2023 and the preparation of the Council's Unaudited Annual Accounts for 2022-23.

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 2023.

(Reference: Report by Head of Financial Services, dated 16 March 2023, submitted)

11. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

Consideration was given to a report which outlined the proposed Treasury Management Strategy Statement and Annual Investment Strategy and set out the policy for the repayment of loans fund advances for 2023-24.

Decision

The Audit and Scrutiny Committee:-

1. agreed to endorse 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 2.7 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 the Council's external treasury management advisors.

(Reference: Report by Head of Financial Services, dated 16 March 2023, submitted)

Having noted the connectivity issues experienced by the Chair, the Committee agreed to adjourn for a short comfort break until 12:50pm. Upon resuming, all those present, were as per the sederunt.

12. BEST VALUE IMPROVEMENT ACTION PLAN UPDATE

The Committee gave consideration to a report which provided a final 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:-

1. noted the update against the themes of the Best Value Improvement Action Plan and the associated table set out within the appendix of the report; and
2. noted the introduction to the forthcoming change programme and that a new Best Value action plan would be presented to the Committee at a future meeting.

(Reference: Report by Chief Executive, dated 16 March 2023, submitted)

13. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

Consideration was given to a report which outlined the proposed changes to the Internal Audit Charter and Internal Audit Manual.

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 2023, submitted)

14. SCRUTINY FRAMEWORK AND MANUAL ANNUAL REVIEW

The Committee gave consideration to a report which concluded the annual review to determine whether any changes were required to the Council's Scrutiny Framework and Manual.

Decision

The Audit and Scrutiny Committee agreed to note the outcome of the annual review of the Scrutiny Framework and Manual, as outlined in Appendices 1 and 2 of the report.

(Reference: Report by Chief Internal Auditor, dated 16 March 2023, submitted)

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

Having noted the legal requirements placed on the Council in relation to covert surveillance, the Committee gave consideration to a report which advised that between 1 January and 31 December 2022, the Council undertook no covert surveillance operations.

Decision

The Audit and Scrutiny Committee considered and noted the terms of the report.

(Reference: Report by Executive Director with responsibility for Legal and Regulatory Support, dated 16 March 2023, submitted)

16. WORKPLAN

In order to facilitate forward planning or 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 16 March 2023, submitted)

The Chair advised that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, that the information contained at agenda item 17(b) relating to the following item of business would require the exclusion of the press and public should any Member wish to discuss the content provided on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 6 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

17. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2022/23

(a) Covering Report and Internal Audit Reports

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

- Live Argyll – Events Management
- Procurement
- Customer Service Centre

Decision

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

(Reference: Report by Chief Internal Auditor, dated 16 March 2023, submitted)

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following item of business on the grounds that it was likely to involve the disclosure of information as defined in Paragraph 6 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

(b) Internal Audit Report

The Committee gave consideration to a report containing the action plan in relation to the Client Funds audit.

Decision

The Audit and Scrutiny Committee:-

1. agreed to note and endorse the summary report and the detail within the report;
and

2. agreed that a follow up report would be brought to the June meeting of the Committee.

(Reference: Report by Chief Internal Auditor, dated 16 March 2023, submitted)