

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 6 December 2023 at 10.00 a.m.

Present in
County Hall: Councillors Julie Dettbarn (Chair), Chris Cullen, Alan Lamont, Brian McGinley, Cameron Ramsay and George Weir.

Present
Remotely: Councillors Kenneth Bell and Mary Kilpatrick.

Attending in
County Hall: M. Newall, Chief Executive; T. Baulk, Head of Finance, ICT and Procurement; W. Carlaw, Service Lead – Democratic Governance; C. McGhee, Chief Internal Auditor; D. Urquhart, Senior Investigations Officer; A Gibson, Committee Services Officer; and E. Moore, Clerical Assistant.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting; and
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and, having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Call-ins from Cabinet.

The Panel noted that there were no call-ins from Cabinet of 28 November 2023.

3. Minutes of Previous Meetings.

The Minutes of the meetings of 8 November 2023 ([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](#)).

In relation to the Action Log and the column "Latest Update" it was agreed that the Head of Finance, ICT and Procurement would ensure that, in future, more information be included here.

Having heard a Member of the Panel, it was noted that, going forward, the Annual Self-Assessment Outcome would now become part of the Work Programme.

The Panel

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

Internal Audit.

5. Corporate Fraud Team – Activity Report and 2022/23 National Fraud Initiative Update.

There was submitted a report ([issued](#)) of 23 November 2023 by the Chief Internal Auditor advising of the Corporate Fraud Team's (CFT) activity from 1 April to 30 September 2023 and providing an update on the 2022/23 National Fraud Initiative exercise.

The Senior Investigations Officer provided an update on the work being carried out by the Corporate Fraud Team over the past six months.

Having heard a Member of the Panel, it was explained what "match areas" as referred to in report meant and that the Chief Internal Auditor would share a paper with the relevant Member to explain this further. He also enquired why, in Appendix 2 of the report "NFI 2022/23 Progress of Investigations" there had been no targets completed for "Waiting List" and "Creditors." The Senior Investigations Officer advised that matches were still being undertaken and that some areas were being taken forward faster than others.

A Member of the Panel advised that it would be helpful to have a narrative around the data collected to better understand the processes behind the work being undertaken. Having heard various officers, it was agreed that this could be undertaken and would be reflected in future reports to this Panel.

Having heard a Member of the Panel enquire if Council employees were alert to watch out for fraud, the Senior Investigations Officer advised that information was made available to staff and presentations were made to appropriate staff. It was also noted that feedback was provided to Services where fraud had been reported.

Following a question from a Member of the Panel, it was noted that information relating to fraud activity was shared between Councils.

A Member of the Panel enquired , why, in Appendix 1, there were certain areas of Fraud which showed no financial savings. The Senior Investigations Officer advised that there were certain areas where no financial savings could be attributed to, for example, tenancies or blue badges fraud, though the National Fraud Initiative did attribute notional savings to these areas.

Having head a Member of the Panel enquire as to the meaning of the column "Additional Investigations Completed" in Appendix 2 of the report, the Chief Internal Auditor advised that this was when additional work had been carried out beyond the initial target.

Having considered the CFT activity for the six-month period to 30 September 2023, the Panel

Decided: to note the update on the 2022/23 National Fraud Initiative (NFI).

Other Governance.

6. Treasury Management and Investment Strategy Mid-Year Report 2023/24.

There was submitted a report ([issued](#)) of 23 November 2023 by the Head of Finance, IT and Procurement providing a mid-year treasury management update for the financial year 2023/24.

Having heard a Member of the Panel, it was noted this year's overspend may have an impact on future years spending, dependant on market rates.

A Member of the Panel made an enquiry regarding the currently high interest rates and what was the strategy going forward. The Head of Finance, ICT and Procurement advised that short-term borrowing was currently preferred due to high interest rates and that rates were examined on a daily basis.

A Member of the Panel enquired about sources of borrowing and the environmental and social issues that required to be taken into account. The Head of Finance, ICT and Procurement advised that there was detail in the Council's Treasury Management Strategy in this regard.

A Member of the Panel enquired if commitments in next year's Capital Programme took cognisance of the current financial position and that the Council required to be cautious in future commitments due to the current volatile market. The Head of Finance, ICT and Procurement advised that this would be taken into account but was ultimately the decision of Members. The Chief Executive confirmed that good housekeeping would be applied in relation to financial management.

Following a matter being raised by a Member of the Panel, it was agreed that the Head of Finance, ICT and Procurement would provide a Briefing Session for Members to help them to understand the work of the Treasury Management Team and information presented in this and similar reports.

Having scrutinised the contents of this report, the Panel

Decided: to remit the report to the Cabinet meeting of 16 January 2024 for approval.

7. Audit and Governance Panel – 2023 Annual Self-Assessment Outcome.

There was submitted a joint report ([issued](#)) of 23 November 2023 by the Head of Finance, IT and Procurement and the Head of Legal and Regulatory Services confirming the outcome of the Audit and Governance Panel Self-Assessment for 2023, which had been undertaken on 7 September 2023; and seeking agreement of the resulting action plan.

Having heard a Member of the Panel advise that, in his view, a detailed workplan arising from the actions would be helpful. The Head of Finance, ICT and Procurement advised that the Action Plan for Improvement, as detailed in Appendix 3 of the report had due dates indicated.

Following discussion on the exercise undertaken with the Panel this year which involved questions provided by CIPFA and having heard the Head of Finance, ICT and Procurement advise that some of the questions were ambiguous, the questions would be examined prior to next year's exercise being undertaken.

A Member of the Panel advised that two of the questions in the assessment related to training and should possibly be scored as either 3 or 4 and not a 5, as shown. The Head of Finance, ICT and Procurement advised that the Council was compliant with its training provision and as a result, the score of 5 was appropriate.

Having heard a Member of the Panel enquire if self-assessment was a good tool to assess the work of this Panel and if a third party should undertake an assessment, the Head of Finance, ICT and Procurement advised that he would consider this suggestion.

The Panel

Decided:

- (1) to note the outcome of the 2023 self-assessment, as set out in paragraphs 4.1 to 4.6 of the report and related completed checklist in Appendix 1;
- (2) to approve the action plan for improvements, as detailed in Appendix 3 of the report; and
- (3) to agree to receive an annual joint report by the Head of Legal and Regulatory Services and the Head of Finance, ICT and Procurement in May 2024 outlining the work of the Audit and Governance Panel for the financial year 2023-24 (per Action 1 in Appendix 3); and agree thereafter to remit the report to Council in June 2024.

The meeting ended at 10.50 a.m.