

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 22 February 2024 at 10.00 a.m.

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

Present
Remotely: Councillor Mary Kilpatrick.

Also
Present
in County Hall: Councillor Duncan Townson (for item 2 only).

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

Attending
Remotely: G. McNally, Audit Scotland.

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.

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.

1. Exclusion of press and public.

The Panel resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the following item of business on the grounds that it involved the likely disclosure of exempt information in terms of paragraph 4 of Part 1 of Schedule 7A of the Act.

2. Call-in from Cabinet of 14 February 2024 “Merlin Cinemas Ltd - Support Grant”.

Reference was made to the Minutes of the Cabinet of 14 February 2024 (Page 7, paragraph 15) when the Cabinet had decided, by a majority

- (1) to approve the provision of grant funds of £70,000 to Merlin Cinemas Limited for the purpose of external improvement works required to the former Odeon Cinema facility;
- (2) to approve that the £70,000 grant proposed was funded from ward capital monies allocated for Ayr;
- (3) to agree that the proposal of £70,000 grant would be subject to the provision of satisfactory written evidence in the form of paid invoices and corresponding bank statements from the recipient Merlin Cinemas Limited, confirming that payment for the required external works had been completed (this would include a further £113,000 that Merlin were investing in repairs to the building); and
- (4) to agree that an appropriate Grant Funding Agreement would be put in place between South Ayrshire Council and the recipient Merlin Cinemas Limited, to protect the Council's position.

The Panel was advised that the decision had been the subject of a call-in (Members only). A response by officers to the matters raised in the call-in had been issued prior to the meeting.

Councillor Townson spoke to the call-in and advised that the correct process had not been followed in bringing this report to a Cabinet meeting for approval. The Chief Executive responded by saying that the due process had not been followed correctly and the matter should not have been considered at the last Cabinet meeting and apologised to Members for this error.

A Member of the Panel raised his concerns that this matter had been brought before Cabinet and there was discussion of procedural errors.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Panel moved to a vote for or against the Motion.

By a majority, the Panel

Decided:

- (a) that in view of the proposal to approve the provision of the grant funds to Merlin Cinema Limited failing to follow the approved process and governance arrangements for the granting of ward funds, that the Audit and Governance Panel refer the matter back to Cabinet with the recommendation that Cabinet rescinds the decision taken on 14 February 2024; and
- (b) that officers undertake a review of the process and governance arrangements for the granting of ward funds with the findings being reported back to this Panel in due course.

At this point, the recording was restarted.

3. Minutes of Previous Meetings.

The Minutes of the meeting of 24 January 2024 ([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](#)).

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

Internal Audit.

5. Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2022/23; (ii) Progress of the Annual Internal Audit Plan 2023/24; (iii) Implementation of Internal Audit Action Plans; (iv) Quality Assurance and Improvement Programme Update.

There was submitted a report ([issued](#)) of 12 February 2024 by the Chief Internal Auditor advising of progress of the 2022/23 and the 2023/24 internal audit plans, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme.

After a Member of the Panel had noted that the proposed Internal Audit Plan 2024/25 would be reported to this Panel in March 2024, he enquired if the Work Plan for next year had yet been finalised and if further changes could still be made. The Chief Internal Auditor advised that it would be a draft Plan being reported to the meeting in March of this year for Members approval.

Following a question from a Member of the Panel on the Corporate Workforce Plan 2022/25 and his concern that successful candidates for posts in this Council were not commencing their employment for around 10/12 weeks after being interviewed. The Chief Internal Auditor advised that this would be covered by Audit Scotland as part of their Best Value. It was further noted that this matter would be covered in a future Audit.

A Member of the Panel referred to a referral for investigations detailed in the report relating to a fraudulent attempted to change an employee's bank details. The Chief Internal Auditor advised that procedures were now in place so this could not be repeated.

Having heard a Member of the Panel enquire about Appendix 2 "Progress against Internal Audit Plan 2023/24" and that five of the deliverables had not yet commenced, the Chief Internal Auditor advised that they were all on schedule.

Following an enquiry from a Member of the Panel in relation to Appendix 3 "Overdue Actions" and in relation to two of the actions listed, the Chief Internal Auditor and the Head of Finance, ICT and Procurement advised of the current position.

A Member of the Panel enquired about the Thriving Communities Grants Review with nine associated actions. The Chief Internal Auditor advised that the Service has recorded all the actions as fully implemented.

Having heard a Member of the Panel in relation to the Assignment for SWHub, it was noted that progress was not as desired but with the pending start date for the Director of Housing, Operations and Development, matters would soon improve.

Following a Member of the Panel enquiring if actions not completed this year could be continued to next financial year and if so, was there capacity for this, the Chief Internal Auditor advised that there was confidence that sufficient testing would be completed by the year end to allow an annual opinion to be formed.

The Panel

Decided: to note the contents of the report and approve the revision to the 2023/24 Internal Audit Plan, as detailed in paragraph 4.3.5 of the report.

Other Governance.

6. Treasury Management and Investment Strategy Quarter 3 Update Report 2023/24.

There was submitted a report ([issued](#)) of 12 February 2024 by the Head of Finance, ICT and Procurement providing an update on the 2023/24 treasury prudential indicators for the period October-December 2023 (Quarter 3) and an update on the latest wider economic position.

A Member of the Panel thanked officers for a recent briefing to Members on this matter.

A Member of the Panel enquired as to the effect of interest rates on the Strategy going forward. Having heard the Head of Finance, ICT and Procurement in response, it was noted that it was expected that interest rates would eventually come down, potentially over the summer period.

Having heard a Member of the Panel refer to the mention of interventions relating to an overspend and underspend, he asked what these interventions could be and the Head of Finance, ICT and Procurement advised that the position regarding overspend and underspend was constantly monitored as, for example, interest rates could change, also, capital expenditure may not materialise, thus negating any resultant required borrowing.

The Panel

Decided: to remit the Quarter 3 Update Report to the next Cabinet meeting on 12 March 2024 for approval.

The meeting ended at 11.05 a.m.