

County Buildings
Wellington Square
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22 May 2024

To: Councillors Dettbarn (Chair), Bell, Cullen, Kilpatrick, Lamont, McGinley, Ramsay and Weir

All other Elected Members for information only

Dear Councillors

AUDIT AND GOVERNANCE PANEL

You are requested to participate in the above Panel to be held **on Wednesday, 29 May 2024 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the County Hall County Buildings, Ayr on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Declarations of Interest.
2. Call-ins from Cabinet.
3. Minutes of previous meeting of 20 March 2024 (copy herewith).
4. Action Log and Work Programme (copy herewith).

Internal Audit.

5. Corporate Fraud Team – Activity Report and 2022/23 National Fraud Initiative Update – Submit report by the Chief Internal Auditor (copy herewith).

6./

External Audit.

6. External Review of Internal Audit Compliance with Public Sector Internal Audit Standards – Submit report by the Chief Internal Auditor (copy herewith).
7. Best Value Action Plan - Progress Update – Submit report by the Depute Chief Executive Director of Education (copy herewith).

Other Governance.

8. Audit and Governance Panel – 2023/24 Annual Report – Submit joint report by the Chief Governance Officer and the Chief Financial Officer (copy herewith).

For more information on any of the items on this agenda, please telephone Andrew Gibson,
Committee Services on 01292 612436, Wellington Square, Ayr or
e-mail: committeeservices@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

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AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 20 March 2024 at 10.00 a.m.

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

Present
Remotely: Councillors Kenneth Bell and Chris Cullen.

Apology: Councillor Mary Kilpatrick.

Attending in
County Hall: K. Braidwood, Director of Housing, Operations and Development; J. Bradley, Director of Communities and Transformation; T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead – Democratic Governance; C. McGhee, Chief Internal Auditor; K. Anderson, Service Lead – Policy, Performance and Community Planning; G. Farrell, Service Lead – Organisational Development; T. Simpson, Service Lead – Corporate Accounting; J. Andrew, Co-ordinator – Organisational Development, Change and Improvement; F. Mitchell-Knight and A. Kerr. Audit Scotland; S. Rodger, Risk and Safety Co-ordinator; A Gibson, Committee Services Officer; and E. Moore, Clerical Assistant.

Attending
Remotely: M. Newall, Chief Executive; L. Reid, Assistant Director – Transformation; T. Eltringham, Director of Health and Social Care; C. Boyd, Service Lead – Risk and Safety; and K. Sharp, 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.

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 12 March 2024.

3. **Minutes of Previous Meetings.**

The Minutes of the meeting of 22 February 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](#)).

Following questions from Members of the Panel and confirmation being given that the entry in the Work Programme relating to “Best Value Action Plan Quarterly Update” did not cover a specific quarter but were still reported every three months; and that although some of the entries in the Work Programme stated that progress had not yet started, all the items listed were on track and on schedule, the Panel

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

External Audit

5. **Annual Audit Plan 2023/24**

There was submitted a report ([issued](#)) of 13 March 2024 by the Chief Financial Officer providing background to the presentation by Audit Scotland of their Annual Audit Plan 2023/24 (the Audit Plan).

Having heard the Service Lead – Corporate Accounting introduce the report, A. Kerr. Audit Scotland spoke on the Audit Plan.

Having heard a Member of the Panel enquire how Audit Scotland found the Council this year, in terms of asking for information, he was advised that information was provided timeously. It was also noted that Audit Scotland were very happy with the level of responses provided; and that they were also satisfied with the quality of engagement they had with this Council and the positive steps in moving forward.

Following a question from a Member of the Panel, Audit Scotland advised that audits were rotated every five years to ensure good practice and a consistent approach.

Having heard a Member of the Panel allude to mention of risk of material misstatement due to fraud caused by management override of controls in the report, it was noted that this related to all local authorities and not just this Council.

The Panel

Decided: to agree the Annual Audit Plan 2023/24, attached as Appendix 1 to the report.

6. **Audit Scotland: Workforce Innovation - How Councils are Responding to Workforce Challenges.**

There was submitted a report ([issued](#)) of 13 March 2024 by the Director of Communities and Transformation providing Members with Audit Scotland's thematic report on workforce innovation in South Ayrshire.

The Service Lead – Policy, Performance and Community Planning introduced the report and F. Mitchell-Knight, Audit Scotland spoke in further detail.

Having heard a Member of the Panel in relation to the need for flexibility in the integration of planning for digital technology and having heard Audit Scotland in response, it was noted that the role of digital technology was not a focus identified by Audit Scotland at this time.

A Member of the Panel advised that it would be helpful to know how workforce plans were going to be developed going forward. Audit Scotland responded and advised that the development of service plans was important in supporting corporate plans. She also advised that work was being undertaken on the Digital and ICT Strategy and that progress was needed on its alignment going forward.

The Director of Communities and Transformation advised that there had been a significant movement in workforce planning and that the Actions were high level and needed to be translated into the Action Plan.

Having heard a Member of the Panel in relation to the order of reporting on the Best Value Action Plan, it was noted that it would be the Best Value Working Group in the first instance, for comment, followed by the Audit and Governance Panel.

A Member of the Panel advised of his concern regarding the aging workforce in this Council and what was being done in terms of succession planning. The Director of Communities and Transformation advised that work was being undertaken to deal with this and was more challenging in some areas than others.

Having scrutinised the content of Audit Scotland's thematic report on workforce innovation in South Ayrshire, as detailed in Appendix A of the report, the Panel

Decided:

- (1) to note the improvement actions, as identified in the Audit Scotland report (Appendix 1); and
- (2) to agree that these actions be incorporated within the existing Best Value Action Plan and reported quarterly to the Audit and Governance Panel and the Best Value Working Group.

Internal Audit

7. Proposed Internal Audit Plan 2024/25 (including Annual Review of Internal Audit Charter).

There was submitted a report ([issued](#)) of 6 March 2024 by the Chief Internal Auditor seeking approval for the proposed Internal Audit Plan and reserve list for 2024/25 and the revised Internal Audit Charter.

The Chief Internal Auditor gave an introduction to the report.

A Member of the Panel enquired if there were sufficient resources available to facilitate the Plan. The Chief Internal Auditor advised that there were.

Having heard a Member of the Panel enquire if there were any implications arising from the report in relation to what the Corporate Fraud Team might do differently, it was noted that there were no new fraud risks identified and that they dealt with issues that sat outwith the Audit Plan.

The Panel

Decided:

- (1) to approve the annual Audit Plan for 2024/25, as detailed in Appendix 1 of the report; and
- (2) to approve the reserve list for 2024/25, as detailed in Appendix 2 of the report.

Other Governance

8. Strategic Risk Management.

There was submitted a report ([issued](#)) of 6 March 2024 by the Chief Governance Officer updating Members on the reviewed Strategic Risk Register (Appendix 1) in line with the agreed reporting framework.

Having heard a Member of the Panel, it was noted that the “Progress” column in Appendix 1 related to mitigation.

A Member of the Panel stated that, in his opinion, it was not clear how well the Council was doing in managing these risks and raised risks that the Council did not have control over such as ash dieback, climate change and financial inclusion . He also enquired if some of the risks were being managed effectively and stated that it would be helpful to categorise those risks that were directly relatable to this Council.

Having heard a Member in relation to the recording of risks relating to climate change and if there was any way of improving reported data, the Service Lead – Risk and Safety advised that it was difficult to measure success in this area due to its continuous evolution.

Following a Member of the Panel raising the Integration Joint Board Risk Register, the Director of Health and Social Care responded and advised that Members should be assured that there was a high level of scrutiny of risks by both the Integration Joint Board and Chief Officers.

A Member of the Panel raised the issue of Ash Dieback and stated that the problem had increased with significant tree felling having taken place. The Director of Housing, Operations and Development advised that there was a robust process in carrying out surveys on Ash Dieback with a programme of felling taking place over the next five years.

Having heard a Member of the Panel, it was noted that it would be helpful if a Members Briefing was organised to explain the levels of mitigation on each risk by the risk holder; that the risk section in the reports presented to this Panel should be amended to give a link to the risk register; and that the risks be categorised in terms of relevance to this Council, the Director of Communities and Transformation advised she would look into these requests.

Having considered the reviewed Strategic Risk Register updated by Chief Officers, the Panel

Decided: to note the fourteen key risks and endorse the work currently being undertaken or proposed by risk owners to mitigate these risks.

The meeting ended at 11.20 a.m.

Audit and Governance Panel

Agenda Item No. 4

Action Log

| No | Date of Meeting | Issue | Actions | Assigned/ Re-assigned to | Update | Completed |
|----|-----------------|-------|-------------------|--------------------------------|--------|-----------|
| | | | NOTHING TO REPORT | | | |

Audit and Governance Panel

Work Programme 2024

| No | Issue | Actions | Assigned To | Due Date to Panel | Latest update |
|----|---|----------------------|---|-----------------------------------|-------------------------|
| 1. | Best Value Action Plan - Progress Report | Report to this Panel | Director of Communities and Transformation | 29 May 2024 (Quarterly) | Report to this Panel |
| 2. | Audit and Governance Panel – 2023/24 Annual Report | Report to this Panel | Chief Financial Officer/ Chief Governance Officer | 29 May 2024 (Annually) | Report to this Panel |
| 3. | Corporate Fraud Team - Activity Report and Update on 2023/24 National Fraud Initiative | Report to this Panel | Chief Internal Auditor | 29 May 2024 (Biannually) | Report to this Panel |
| 4. | External Review of Internal Audit Compliance with Public Sector Internal Audit Standards | Report to this Panel | Chief Internal Auditor | 29 May 2024 (Every five years) | Report to this Panel |
| 5. | External Audit Reports – Progress to 31 March 2024 | Report to Panel | Chief Financial Officer | 26 June 2024 (Quarterly) | Currently being drafted |
| 6. | Annual Accounts 2023/24 | Report to this Panel | Chief Financial Officer | 26 June 2024 (Annually) | Currently being drafted |
| 7. | Delivering Good Governance – 2023/24 Assessment | Report to Panel | Chief Governance Officer | 26 June 2024 (Annually) | Currently being drafted |
| 8. | Internal Audit Annual Report 2023/24 | Report to Panel | Chief Internal Auditor | 26 June 2024 (Annually) | Currently being drafted |
| 9. | Treasury Management Annual Report 2023/24 | Report to Panel | Chief Financial Officer | 26 June 2024 (Annually) | Currently being drafted |

Audit and Governance Panel

| No | Issue | Actions | Assigned To | Due Date to Panel | Latest update |
|-----|--|----------------------|---|---|-------------------------|
| 10. | Corporate Lets | Report to Panel | Director of Communities and Transformation | 26 June 2024 (Annually) | Currently being drafted |
| 11. | High Flats Audit – Management Response | Report to Panel | Director of Housing, Operations and Development | 26 June 2024 | Currently being drafted |
| 12. | IJB Finance and Performance Report 2024 – Audit Scope | Report to this Panel | Chief Financial Officer | 4 September 2024 (Annually) | Not yet started |
| 13. | Internal Audit – Progress Report Quarter 1 | Report to this Panel | Chief Internal Auditor | 4 September 2024 (Annually) | Not yet started |
| 14. | Strategic Risk Management | Report to this Panel | Chief Governance Officer | 4 September 2024 (Biannually) | Not yet started |
| 15. | External Audit Reports – Progress to 30 June 2024 | Report to this Panel | Chief Financial Officer | 4 September 2024 (Quarterly) | Not yet started |
| 16. | Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC) | Report to Panel | Chief Internal Auditor | 4 September 2024 (Annually) | Not yet started |
| 17. | Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25 | Report to this Panel | Chief Financial Officer | 4 September 2024 (Quarterly) | Not yet started |
| 18. | Annual Audit Report 2023/24 | Report to this Panel | Chief Financial Officer | September 2024 (Special - date TBC) (Quarterly) | Not yet started |

Audit and Governance Panel

| No | Issue | Actions | Assigned To | Due Date to Panel | Latest update |
|-----|---|----------------------|---|----------------------------|-----------------|
| 19. | Accounts Commission Annual Report 2022/23 | Report to this Panel | Chief Financial Officer | October 2024 (Annually) | Not yet started |
| 20. | Internal Audit Progress Report Quarter 2 (including Midyear Review) | Report to this Panel | Chief Internal Auditor | November 2024 (Annually) | Not yet started |
| 21. | Audit and Governance Panel – 2024 Annual Self-Assessment Outcome | Report to Panel | Chief Financial Officer/ Chief Governance Officer | December 2024 (Annually) | Not yet started |
| 22. | Corporate Fraud Team - Activity Report and Update on National Fraud Initiative | Report to this Panel | Chief Internal Auditor | December 2024 (Biannually) | Not yet started |
| 23. | Internal Audit – Progress Report Quarter 3 | Report to this Panel | Chief Internal Auditor | February 2025 (Annually) | Not yet started |
| 24. | Annual Audit Plan 2024/25 | Report to Panel | Chief Financial Officer | March 2025 (Annually) | Not yet started |
| 25. | Proposed Internal Audit Plan 2025/26 (including Annual Review of Internal Audit Charter) | Report to Panel | Chief Internal Auditor | March 2025 (Annually) | Not yet started |

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 29 May 2024**

**Subject: Corporate Fraud Team – Activity Report and 2022/23
National Fraud Initiative Update**

1. Purpose

1.1 The purpose of this report is to advise Members of the Corporate Fraud Team's (CFT) activity from 1 October 2023 to 31 March 2024 and to provide an update on the 2022/23 National Fraud Initiative exercise.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the CFT activity for the six-month period to 31 March 2024;

2.1.2 notes the update on the 2022/23 National Fraud Initiative (NFI); and

2.1.3 notes that the 2024/25 NFI exercise is due to commence in October 2024 and updates on the exercise will be included within future CFT activity reports.

3. Background

3.1 Update reports on the work of the CFT are submitted to the Audit and Governance Panel six monthly. The last six-monthly report was submitted to Panel on 6 December 2023 and covered the period 1 April 2023 to 30 September 2023. This report covers the CFT for the six-month period to 31 March 2024 and the status of the 2022/23 NFI exercise as at 16 April 2024.

3.2 The CFT is a specialist investigative unit with responsibility for proactively and reactively investigating all types of corporate fraud against the Council, including:

- Council Tax Reduction/ Exemptions/ Discounts.
- Business Rates.
- Scottish Welfare Fund.
- Housing Tenancy.
- Employee Fraud.
- Procurement; and
- Blue Badge Misuse.

3.3 The National Fraud Initiative (NFI) is a counter-fraud exercise whereby data is taken from councils, other public bodies and Companies House and cross matched to identify the potential for fraud. All Council's in Scotland are required to participate in NFI exercises which are carried out every two years. Audit Scotland has responsibility for co-ordinating the exercise across Scotland. Internal Audit and Corporate Fraud are responsible for co-ordinating and reporting on the exercise within South Ayrshire Council. The CFT investigated Single Person Discount Matches identified through the NFI exercise.

4. Proposals

4.1 The Panel is requested to note the Corporate Fraud Activity from 1 October 2023 to 31 March 2024 as detailed in [Appendices 1 and 2](#) of this report.

4.1.1 The table at [Appendix 1](#) provides detail of the source of the referrals to the CFT, the type of complaint received, and the course of action taken by the CFT in response to the referral.

4.1.2 The table at [Appendix 2](#) details the activity of the CFT from 1 October 2023 to 31 March 2024 and a summary of the outcomes from completed investigations, with an explanation of each below.

- Council tax investigations comprise of cases where there has been a failure to declare changes in income, residency or changes that may affect discounts and exemptions.
- National Fraud Initiative (NFI) investigations are completed by the CFT where recipients of Single Persons Discounts (SPD) have been matched to other data sets which could indicate that they may not be entitled to SPD.
- The CFT receive individual Non-Domestic Rates referrals and also carry out unannounced checks on properties in receipt of Non-Domestic Rates empty property relief.
- Tenancy fraud is identified where the tenant is not residing in the property or is sub-letting. Checks on homeless applications and tenancy succession applications are also completed at Housing Services request.
- Scottish Welfare Fund Visits are carried out by the CFT in relation to community care grant applications for household goods.
- Housing Tenant debt arises where a local authority tenant has left/absconded from a tenancy with outstanding rent arrears. CFT carry out checks to locate and trace the former tenants on behalf of Housing Services.
- Blue Badge investigations can arise where an allegation has been received about misuse.
- Employee investigations arise where allegations have been made relating to Council employees.

4.2 The Panel is also asked to note the status of the 2022/23 National Fraud Initiative.

4.2.1 The investigations of NFI matches are now complete. A total of 4,758 NFI matches were received and a target number of 1,724 investigations split

over the eight areas included in the exercise was set at the start of the exercise. However this was reduced to 1,186 to reflect the results of the Creditors matches investigations. The target number of investigations of matches included in the “duplicate records by amount and creditor references” report was significantly reduced as initial investigations by the Service established that the matches related to cases where the same supplier had been paid the same amount but on different dates for separate invoices. The reduction in number of matches was discussed and agreed with the Chief Internal Auditor. The details of the match areas, the target number of investigations, the number of investigations completed in each area and the outcomes are included in [Appendix 3](#).

4.2.2 A Members Information Bulletin on the 2023/24 NFI exercise will be issued after Audit Scotland publish their final report.

4.2.3 The 2024/25 NFI exercise is due to commence around October 2024 when datasets will be uploaded to the NFI. It is proposed that updates on this exercise will continue to be reported through these six monthly CFT Activity Reports.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Recovery of the amounts due is in progress. In Council Tax Reduction, Discounts and Non-Domestic Rates cases the debtor is rebilled reflecting the amount due. The savings identified of £72,015.59 represents the amount that would have been lost to the Public Purse had the fraud/error/debt remained undetected by the Council’s CFT.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 Rejecting the recommendation may result in ineffective scrutiny of the Council’s control arrangements in relation to anti-fraud.

9. Equalities

9.1 The proposals in this report allow scrutiny of the Corporate Fraud Team’s activity. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new

and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this paper.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **Report to Audit and Governance Panel of 31 May 2023 - [Corporate Fraud Team - Activity Report and Update on 2022/23 National Fraud Initiative](#)**

Report to Cabinet of 17 January 2023 - [2022/23 National Fraud Initiative](#)

Person to Contact **Cecilia McGhee, Chief Internal Auditor**
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Date: 17 May 2024

Sources of Fraud Referrals in period 1 October 2023 to 31 March 2024

| Source | NFI SPD Matches | Online Form/ SAC Website | Email/ Telephone | Council Service | Whistleblowing Process | Other Local Authority/ Organisation | Total | CFT Response to Referral |
|---------------------------------|-----------------|--------------------------|------------------|-----------------|------------------------|-------------------------------------|-------|---|
| Category of complaint | | | | | | | | |
| Non Domestic Rates | | | | 14 | | | 14 | Investigated by CFT |
| Council Tax | 972 | 5 | 1 | 9 | | | 987 | Investigated by CFT |
| Housing General | | 14 | | 3 | | | 17 | Investigated by CFT |
| Housing Locate and Trace | | | | 33 | | | 33 | Investigated by CFT |
| Social Welfare Fund | | | | 2 | | | 2 | Investigated by CFT |
| Employee | | 3 | 1 | | | | 4 | 2 Referred to HR, 1 referred to Service 1 Investigated by CFT |
| Blue Badge | | 1 | | | | | 1 | Investigated by CFT |
| Housing Benefit | | 12 | | | | 2 | 14 | 12 Referred to DWP 2 Investigated jointly with DWP |
| Others | | 2 | | | | | 2 | *Referred to other Services |
| Total | 972 | 37 | 2 | 61 | | 2 | 1,074 | |

*1 complaint referred to Waste Management / 1 complaint referred to Environmental Health

Corporate Fraud Activity 1 October 2023 – 31 March 2024

| | Cases b/f from previous report | New referrals in period | Total referrals | Closed Cases | Current Live Cases | Non-Financial Benefit/ Outcome | Financial Savings (£) |
|--|--------------------------------|-------------------------|-----------------|--------------|--------------------|---|-----------------------|
| Non-Domestic Rates | 0 | 14 | 14 | 10 | 4 | - | £32,510.85 |
| Council Tax (Reduction, Exemptions and Discounts, Arrears) | 7 | 15 | 22 | 12 | 10 | - | £1,208.04 |
| NFI Council Tax SPD data matching checks | 36 | 972 | 1,008 | 988 | 20 | - | £35,181.38 |
| Tenancy Fraud | 4 | 17 | 21 | 8 | 13 | Closed no issues | |
| Housing Tenant Debt Locate & Trace checks | 11 | 33 | 44 | 35 | 9 | - | £3,115.32 |
| Scottish Welfare Fund (SWF) | 0 | 2 | 2 | 1 | 1 | Closed no issues | |
| Employee | 0 | 4 | 4 | 3 | 1 | 3 referrals passed to HR/Service, 1 investigated by CFT and passed to Service | |
| Blue Badge Investigations | 1 | 1 | 2 | 2 | 0 | Closed no issues | |
| Housing Benefit | 0 | 14 | 14 | 12 | 2 | 12 Passed to DWP 2 Joint Working Investigations | |
| Others | 0 | 2 | 2 | 2 | 0 | 2 passed to Council Service | |
| Total for six-month period to 31/03/24 | | | | | | | £72,015.59 |
| Annual Total 1/04/23 to 31/03/24 | | | | | | | £152,088.87 |

NFI 2022/23 Progress of Investigations

| Match Area Current Results | Total Matches No. | Target Investigation No. | Target Completed No. | Target Completed % | Additional Investigations completed No. | Total Investigations Completed No. | Errors No. | Fraud No. | Outcome £ |
|------------------------------|-------------------|--------------------------|----------------------|--------------------|---|------------------------------------|------------|-----------|-----------------------|
| Housing Benefit | 68 | 28 | 28 | 100% | 3 | 31 | 0 | 0 | 0 |
| Payroll | 149 | 73 | 73 | 100% | 76 | 149 | 0 | 0 | 0 |
| Housing Tenants | 723 | 254 | 254 | 100% | 83 | 337 | 0 | 0 | 0 |
| Blue Badge | 722 | 645 | 645 | 100% | 77 | 722 | 317 | 0 | £206,050 ¹ |
| Waiting List | 320 | 57 | 57 | 100% | 230 | 287 | 0 | 0 | 0 |
| Council Tax Reduction Scheme | 695 | 9 | 9 | 100% | 50 | 59 | 0 | 0 | 0 |
| Creditors | 2,026 | 65 ² | 65 | 100% | 0 | 65 | 0 | 0 | 0 |
| Procurement | 55 | 55 | 55 | 100% | 0 | 55 | 0 | 0 | 0 |
| Total | 4,758 | 1,186 | 1,186 | 100% | 519 | 1,705 | 317 | 0 | £206,050 |

¹ The Cabinet Office automatically allocates an estimated saving of £650 to each Blue Badge error. This does not represent actual loss to South Ayrshire Council

² The target number of investigations was reduced from 603 to 65 due to the results of the investigations indicating that the majority of the matches (1,836) relates to payments to suppliers for the same amount but which related to different periods (e.g. contract payments or annual charges)

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 29 May 2024**

**Subject: External Review of Internal Audit Compliance with
Public Sector Internal Audit Standards**

1. Purpose

1.1 The purpose of this report is to update Members on the outcome of the external assessment of the Internal Audit Service's compliance with the Public Sector Internal Audit Standards (PSIAS).

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 notes the contents of the external assessment report at [Appendix 1](#) and resultant action plan at [Annex A](#); and

2.1.2 agrees that the Chief Internal Auditor provides an update on progress of the actions to the meeting of 4 September 2024 and every six months thereafter until the action plan is fully implemented.

3. Background

3.1 Internal Audit operates in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The standards are designed to ensure that common standards and practices are followed across all public sector bodies.

3.2 PSIAS requires Chief Internal Auditors to develop a Quality Assurance and Improvement Programme (QAIP) to provide assurance that internal audit activity is conducted in accordance with its Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations. To conform with PSIAS, this Programme includes periodic and ongoing internal assessments as well as an external inspection. External assessments are required to be completed once within five-year periods.

3.3 To deliver the requirement of an external inspection, the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) facilitate an arrangement whereby reviews are undertaken by Local Authorities on a reciprocal, no-fee basis. The allocation of the reviews is undertaken by SLACIAG.

3.4 The first external assessment was completed by East Renfrewshire and was reported to the Audit and Governance Panel in March 2018. Inverclyde Council were allocated as the reviewer for South Ayrshire Council's second review. Due to the changes of staff within SAC's Internal Audit Section, specifically the move of the Chief Internal Auditor to another Council, it was necessary to reallocate the Council originally allocated to perform the external assessment. This resulted in a delay in completing the external assessment, however it was started within the five-year timescale.

4. Proposals

4.1 The Panel is requested to note the full external assessment report attached at [Appendix 1](#).

4.2 Fourteen separate areas were assessed during the external review. The overall conclusion was that Internal Audit fully conforms with 10 areas and generally conforms with 4 areas. There were no areas assessed as partially or not conforming.

4.3 Six areas for improvement are highlighted at paragraph 2.2 within the report and summarised in an action plan which is attached at [Annex A](#) . The main improvements relate to low priority 'routine' areas which will further improve compliance with the standards.

4.4 It is proposed that progress of the implementation of the action plan is reported to this Panel through the Internal Audit quarterly progress reports together with the results of the annual self assessment against PSIAS.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 The PSIAS requires Chief internal Auditors to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation. If this is not carried out there is a risk that the Internal Audit Service will fail to comply with PSIAS and engage in continuous improvement.

8.2 *Risk Implications of Adopting the Recommendations*

8.2.1 There are no risks associated with adopting the recommendations.

8.3 **Risk Implications of Rejecting the Recommendations**

8.3.1 Rejecting the recommendation could result in failure to perform a scrutiny role in relation to the application of the Public Sector Internal Audit Standards (PSIAS).

9. **Equalities**

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. **Sustainable Development Implications**

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. **Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. **Link to Council Plan**

12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

13. **Results of Consultation**

13.1 There has been no public consultation on the contents of this paper.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers [Public Sector Internal Audit Standards \(PSIAS\)](#)

**Report to Audit and Governance Panel of 21 March 2018 -
[External Review of Internal Audit Compliance with Public
Sector Internal Audit Standards](#)**

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Date: 17 May 2024

**EXTERNAL QUALITY
ASSESSMENT 2
OF
SOUTH AYRSHIRE COUNCIL'S
INTERNAL AUDIT
FEBRUARY 2024**

Report Recipients:

Cecilia McGhee, Chief Internal Auditor
Mike Newall, Chief Executive
Julie Dettbarn, Chair of Audit and Governance Panel

EXECUTIVE SUMMARY

1. INTRODUCTION

- 1.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published initially in April 2013 and updated most recently in March 2017, apply to all internal audit service providers in the UK public sector, whether in-house, provided via a shared service arrangement or outsourced. To supplement the PSIAS, and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019.
- 1.2 The objectives of the PSIAS are to define the nature of internal auditing within the UK public sector; set out basic principles for carrying out internal audit; establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; establish the basis for the evaluation of internal audit performance and drive improvement planning.
- 1.3 The PSIAS require the Chief Audit Executive (the Chief internal Auditor in South Ayrshire Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's (Internal Audit service in South Ayrshire Council) conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 1.4 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. This approach not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally. The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process. Inverclyde Council was selected to carry out the external assessment for South Ayrshire Council.
- 1.5 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma. The external assessment of South Ayrshire Council's Internal Audit service has been carried out by Inverclyde Council's Shared Service Manager – Audit & Fraud utilising this framework.
- 1.6 This report provides a high level summary of requirements for each standard per the PSIAS and CIPFA Local Government Application Note and sets out the findings, conclusions and recommendations from the external assessment, which involved discussions with key members of staff, including the Chief Audit Executive, review of the most recent self-assessment carried out utilising the EQA Checklist and consideration of other relevant supporting documentation / information (Evidence Pack) including working paper files and completed stakeholder questionnaires. A comprehensive list of supporting documentation / information and completed stakeholder questionnaires considered as part of the assessment can be found at appendices B and C respectively.

2. OVERALL CONCLUSION

2.1 The overall conclusion of the external assessment is that South Ayrshire Council's Internal Audit service **fully conforms** with 10 areas of the Public Sector Internal Audit Standards and **generally conforms** in relation to 4 areas. There were no areas assessed as partial or non-conformance. A summary of totals is set out in the undernoted table and a full summary of assessment, by assessment area can be found at Appendix A:

| | Fully Conforms  | Generally Conforms  | Partially Conforms  | Does Not Conform  |
|--------|--|--|--|--|
| TOTALS | 10 | 4 | 0 | 0 |

2.2 The main areas for improvement highlighted in the report are as follows:

- The Chief Audit Executive has recognised the need to introduce client and other surveys to enhance the quality assurance and improvement framework. The peer review has identified that there is also scope to consider additional key performance indicators to align to balanced scorecard reporting of performance promulgated by the Institute of Internal Auditors.
- The Chief Audit Executive has recognised the need to introduce a formal assurance mapping process to enhance the preparation of the risk-based annual audit plan. The peer review has identified that there is also scope to enhance the covering report to include current risk factors influencing the proposed audit coverage for the year ahead.
- The risk and control analysis (RACA) process ensures a systematic and disciplined approach to the identification of key risks and controls. The peer review identified that although the RACA covers a number of risk areas as standard, this could be further enhanced to include other standard risk areas including management information, quality and effectiveness, systems and procedural documentation, business continuity planning arrangements, data protection arrangements and IT logical access controls which apply to most areas subject to a risk-based audit approach.
- The RACA includes the objectives highlighted in the terms of reference for the audit review. The peer review identified some improvements including undertaking an initial risk assessment to ensure the audit scope is focussed on areas of perceived higher risk. In addition, each individual risk highlighted on the RACA has a conclusion, however there is no overall conclusion for the risk and control analysis which would then support the overall audit opinion within the audit report.
- In relation to the communication of results, the peer review has identified an area for improvement in that although a table is included within the internal audit progress reports to Audit & Governance Panel, this could be enhanced by providing a summary of the key findings from the review to support the audit report opinion.
- The peer review has identified that although the results of follow up action are included in the internal audit progress reports, the annual report could be enhanced to include the results of the overall follow up process. For example, the report could include the number of recommendations made, agreed, implemented, overdue, not due by the 31st March which would support the overall audit conclusion in relation to the effectiveness of the follow up process.

- In relation to communicating the acceptance of risk, where services have not accepted the audit recommendation and therefore accepted the risk, this is communicated by email to senior management. The peer review has identified that the internal audit progress reports could be enhanced to highlight where any high or medium risk recommendations have been made but have not been accepted by management and the audit conclusion on the risk being accepted.

2.3 Full details of the assessment recommendations and management responses can be found in the Action Plan at Appendix D.

3. SECTION A – MISSION OF INTERNAL AUDIT AND CORE PRINCIPLES

The PSIAS state that the Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation, which is ‘to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’.

Taken as a whole, the Core Principles for the Professional Practice of Internal Auditing, as set out in the PSIAS, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Core Principles should be present and operating effectively. Failure to achieve any of the Core Principles would imply that an internal audit activity was not as effective as it could be in achieving the Mission of Internal Audit.

3.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used, along with specific consideration surrounding the achievement of the Core Principles, to conclude that the Internal Audit service at South Ayrshire Council **fully conforms** with accomplishing the Mission of Internal Audit as detailed above. Good practice was identified in relation to reporting the review of the Internal Audit Charter as part of the Annual Audit Plan.

4. SECTION B – DEFINITION OF INTERNAL AUDITING

The PSIAS state that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used to conclude that the Internal Audit service at South Ayrshire Council **fully conforms** with the definition of Internal Auditing as detailed above.

5. SECTION C – CODE OF ETHICS

The PSIAS state that the purpose of the Institute of Internal Auditor’s Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

5.1 Evidence obtained from assessing conformance with other standards in the PSIAS, in particular the Attribute Standards 1000 – Purpose Authority and Responsibility, 1100 – Independence and Objectivity, 1200 – Proficiency and Due Professional Care and Professional Standards 2000 – Managing the Internal Audit Activity and 2300 – Performing the Engagement, has been used to conclude that South Ayrshire Council’s Internal Audit service **fully conforms** with the requirement to comply with the Code of Ethics.

6. SECTION D – ATTRIBUTE STANDARDS

Attribute Standards apply to organisations and individual internal auditors providing the internal audit services in a local authority.

6.1 1000 - Purpose, Authority, and Responsibility

The PSIAS state that the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval. The internal audit charter must also:

- *define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity;*
- *cover the arrangements for appropriate resourcing;*
- *define the role of internal audit in any fraud-related work; and*
- *describe safeguards to limit impairments of independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.*

6.1.1 South Ayrshire Council’s Internal Audit Charter is reviewed annually with the most recent review taking place in March 2023. The Internal Audit Charter was approved by the Audit & Governance Panel on 22 March 2023.

6.1.2 Internal Audit service South Ayrshire Council **fully conforms** with Standard 1000 on Purpose, Authority and Responsibility.

6.2 1100 - Independence and Objectivity

The internal audit activity must be independent and internal auditors must be objective in performing their work. Various aspects of independence and objectivity are covered in this standard as well as 1200, including reporting functional lines of the CAE, the relationship between the CAE and the board and any impairment to individual internal auditors’ objectivity or independence. Reporting and management arrangements must be put in place that preserve the CAE’s independence and objectivity, in particular with regard to the principle that the CAE must be independent of the audited activities.

6.2.1 The Chief Audit Executive reports functionally to the Audit & Governance Panel and administratively to the Chief Executive. The Chief Audit Executive has direct and unrestricted access to the Chief Executive and the Chair of the Audit & Governance Panel and this has been confirmed through the Terms of Reference for the Audit & Governance Panel. These reporting/access arrangements are clearly defined in the Internal Audit Charter as are safeguards to limit impairment of independence or objectivity.

6.2.2 In support of organisational independence, the Chief Audit Executive attends Audit & Governance Panel meetings to present all internal audit reports (including, for example, the Internal Audit Charter, Annual Report, Internal Audit Plan and update reports on planned audits) to Elected Members. The reports are all submitted in the Chief Audit Executive’s name. Through observation of Audit & Governance Panel meetings held via webcast during 2022/23 it was noted that the Chief Audit Executive attends each Audit & Governance Panel and presented all internal audit reports at the meeting.

6.2.3 The Chief Audit Executive has no operational responsibilities for activities subject to audit.

6.2.4 All staff within the Internal Audit service are required to complete a register of interests form on an annual basis.

6.2.5 The Chief Audit Executive has recognised the need to update some procedures and to consider rotation of audit assignments and other audit responsibilities on a periodic basis going forward. No further recommendations were made through the external assessment.

6.2.6 South Ayrshire Council's Internal Audit service **generally conforms** with Standard 1100 on Independence and Objectivity.

6.3 1200 - Proficiency and Due Professional Care

The CAE must be professionally qualified, suitably experienced and responsible, in accordance with the organisation's human resources processes, for recruiting appropriate staff. He or she is responsible for ensuring that up-to-date job descriptions exist, reflecting roles and responsibilities, and that person specifications define the required qualifications, competencies, skills, experience and personal attributes.

The CAE should periodically assess individual auditors' skills and competencies against those set out in the relevant job descriptions and person specifications. Any training or development needs identified should be included in an appropriate ongoing development programme that is recorded and regularly reviewed and monitored. In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This may be fulfilled through requirements set by professional bodies or through the organisation's own appraisal and development programme. Auditors should maintain a record of such professional training and development activities.

The internal audit activity should be appropriately resourced to meet its objectives. It should have appropriate numbers of staff in terms of grades, qualifications, personal attributes and experience or have access to appropriate resources in order to meet its objectives and to comply with these standards. The PSIAS states that the CAE must obtain competent advice and assistance if the activity is unable to perform all or part of an engagement.

6.3.1 The Chief Audit Executive holds a relevant professional qualification (ACCA and IIA) and is suitably experienced. The Chief Audit Executive is a member of SLACIAG (or otherwise) and regularly attends and contributes to meetings. In relation to the two SLACIAG Sub-groups, the Computer Audit Sub-Group (CASG) and the Scottish Local Authorities Investigators Group (SLAIG), South Ayrshire Council's Internal Audit service is represented on both.

6.3.2 To support the Chief Audit Executive in South Ayrshire Council's Internal Audit service, there are a total of 4 members of staff in the Internal Audit service, including the Chief Audit Executive, Senior Auditor and 2 Auditors, The Internal Audit service delivers internal audit services to South Ayrshire Council and South Ayrshire Integration Joint Board.

6.3.3 The Internal Audit service has an appraisal process which is a corporate process. This is carried out on an annual basis and is in place for Internal audit staff.

6.3.4 The Chief Audit Executive and all members of the Internal Audit service have specific CPD requirements to adhere to and relevant Staff training records are maintained.

6.3.5 Throughout 2022-23, Audit & Governance Panel meetings were subject to live webcasting. These webcasts are also available as archive webcasts which were reviewed as part of the external quality assessment where it was observed that the Chief Audit Executive demonstrated sufficient knowledge and experience and that all members of the Internal Audit service had exercised due professional care.

6.3.6 South Ayrshire Council's Internal Audit service **fully conforms** with standard 1200 on Proficiency and Due Professional Care. Key stakeholder questionnaires were highly complimentary of the Chief Audit Executive and the Internal Audit team and a high level of engagement was demonstrated with members of the Audit & Governance Panel.

6.4 1300 - Quality Assurance and Improvement Programme

The PSIAS state that the Chief Audit Executive must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity.

The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The public sector requirement in the PSIAS states that results of the QAIP and progress against any improvement plans must be reported in the annual report.

6.4.1 A formal self-assessment of conformance with the PSIAS was carried out in September 2023 using the EQA Checklist. This was used by Inverclyde Council as the baseline for the external quality assessment in 2023/24.

6.4.2 Internal audit reports are reviewed by the Chief Audit Executive prior to issue and working papers are, in general, reviewed by the Chief Audit Executive or Senior Auditor. Where the assignment is carried out by the Senior Auditor, the Chief Audit Executive will review the working paper file.

6.4.3 The Chief Audit Executive has recognised the need for client feedback to be pursued by the Internal Audit service for assignments carried out within South Ayrshire Council.

6.4.4 A range of performance measures are in place for the Internal Audit service which are formally reported to the Audit & Governance Panel on an annual basis as part of the Internal Audit Annual Report. However, the peer review identified that there is scope to consider additional key performance indicators to align to balanced scorecard reporting of performance by the Institute of Internal Auditors. For example, compliance with internal service standards such as timescales for issue of draft and final reports, number of audits completed on time and within budget as these can be helpful measures to assess the efficiency and effectiveness of internal audit as well as identifying any training needs, particularly for new members of staff.

6.4.5 It is recommended that consideration is given to the inclusion of additional key performance indicators to align to balanced scorecard reporting of performance promulgated by the Institute of Internal Auditors.

6.4.6 South Ayrshire Council's Internal Audit service **generally conforms** with Standard 1300 on Quality Assurance and Improvement Programme.

7. SECTION E – PERFORMANCE STANDARDS

Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.

7.1 2000 - Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when it achieves the purpose and responsibility included in the internal audit charter, it conforms with the PSIAS, its individual members conform with the Code of Ethics and the PSIAS and it considers trends and emerging issues that could impact the organisation. The internal audit activity adds value to the organisation and its stakeholders when it considers strategies, objectives and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.

- 7.1.1 An annual Internal Audit Plan is compiled by the Chief Audit Executive outlining the planned programme of work to be undertaken. The planning process includes consultation with members of the Corporate Management Team on planned audit areas, a review of strategic and service risk registers, discussions with external audit to minimise duplication and maximise audit coverage for the Council and review of other local authority internal audit plans through wider discussion groups.
- 7.1.2 The annual Internal Audit Plan is presented to the Audit & Governance Panel for approval.
- 7.1.3 Progress towards completion of the Internal Audit Plan, and the individual audits contained within it is reported to Audit & Governance Panel as an update to each meeting of the Committee.
- 7.1.4 The Internal Audit Plan for 2022-23 was presented to the March 2022 meeting of the Audit & Governance Panel and good engagement was observed from the Committee Members in discharging their scrutiny role of the proposed audit coverage.
- 7.1.5 Through review of the Internal Audit Plan for 2022-23, an area for improvement was identified in relation to including the risk factors which have influenced the scope of the areas subject to risk-based audit assurance work within the body of the covering report. The Chief Audit Executive also recognised that the documentation of the overall assurance mapping process could be improved.
- 7.1.6 It is recommended that consideration is given to include the risk factors which have influenced the scope of the risk-based plan within the body of the covering report relating to the Annual Audit Plan. It is also recognised that the Chief Audit Executive plans to improve the documented audit assurance mapping process.
- 7.1.7 South Ayrshire Council's Internal Audit service **generally conforms** with Standard 2000 on Managing the Internal Audit Activity.

7.2 2100 - Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

More specifically, the internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes, evaluate the effectiveness and contribute to the improvement of risk management processes and assist the organisation in maintaining effective controls by evaluating their efficiency and effectiveness and promoting continuous improvement.

- 7.2.1 It was recognised that the Chief Audit Executive plans to update the risk and control analysis (RACA) process for minor changes identified. The peer review also identified that the RACA process could be further enhanced to include other standard risk areas including management information, quality and effectiveness, systems and procedural documentation, business continuity planning arrangements, data protection arrangements and IT logical access controls which apply to most areas being audited.
- 7.2.2 It is recommended that the RACA process is enhanced by including other areas of common risk including management information, quality and effectiveness, systems and procedural documentation, business continuity planning arrangements, data protection arrangements and IT logical access controls.
- 7.2.3 South Ayrshire Council's Internal Audit **fully conforms** with Standard 2100 on Nature of Work.

7.3 2200 - Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.

The CIPFA Local Government Application note states that for each engagement, a brief should be prepared, discussed and agreed with relevant managers. The brief should establish the objectives, scope and timing for the assignment and its resource and reporting requirements. Audit work should be undertaken using a risk-based audit approach.

- 7.3.1 A standard methodology is in place for Internal Audit engagement planning which includes an audit programme which sets out the background to the area being audited, the risks, the timing of the audit, the audit resource, the report distribution, the audit test objectives and conclusions reached.
- 7.3.2 The peer review identified some enhancements in relation to the overall risk and control analysis (RACA), firstly to consider including an initial risk assessment which would demonstrate audit scope is focussed on areas of higher risk and secondly, although each individual risk highlighted on the RACA has a conclusion, there is however no overall conclusion which would then support the overall opinion for the audit.
- 7.3.3 It is recommended that the RACA is updated to include an initial risk assessment to demonstrate that the audit scope is focussed on areas of higher risk and an overall conclusion for the RACA to support the overall audit opinion.
- 7.3.4 South Ayrshire Council's Internal Audit service **fully conforms** with Standard 2200 on Engagement Planning.

7.4 2300 - Performing the Engagement

Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence needs to be gathered to achieve the engagement objectives and support an independent and objective audit opinion. Systems should be in place to ensure that auditors obtain and record, within the working papers, sufficient evidence to support their conclusions, professional judgements and recommendations. Working papers should always be sufficiently complete and detailed to enable an experienced internal auditor with no previous connection with the audit to ascertain what work was performed, re-perform it if necessary and support the conclusions reached. The CAE should also specify how long all audit documentation should be retained, whether held on paper or electronically. All audit work should be subject to an appropriate internal quality review process.

Internal auditors must be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest when performing their individual audits. They must also have sufficient knowledge to identify indicators that fraud or corruption may have been committed.

- 7.4.1 The Internal Audit Manual sets out the procedure in relation to undertaking a planned audit, including preparing working papers and setting up working paper files. In addition, the manual also includes standard procedures in place for dealing with other types of work e.g. advice and consultancy and investigating fraud and irregularity.
- 7.4.2 Standard working papers are used at each stage of the audit. Templates are referenced within the Internal Audit Manual.
- 7.4.3 During the course of each audit, regular discussions take place between the team carrying out the assignment and the Chief Audit Executive or Senior Auditor. This ensures that any significant issues are escalated appropriately and that the audit is on track to be delivered on time and within budget.
- 7.4.4 All working papers are subject to review by either the Chief Audit Executive or the Senior Auditor. This quality control process ensures that the risks and objectives of the assignment have been met and that conclusions are suitably evidenced.
- 7.4.5 It was recognised that the Chief Audit Executive continues to provide training and support to auditors to improve the standard of working papers and this work is ongoing. The peer review did not identify any further action required in this area.
- 7.4.6 A records retention and disposal schedule is in place for Internal Audit files which sets out the legal basis for retention and the timescales.
- 7.4.7 South Ayrshire Council's Internal Audit service **fully conforms** with Standard 2300 on Performing the Engagement.

7.5 2400 - Communicating Results

The basic aims of every internal audit report should be to:

- *give an opinion on the risk and controls of the area under review, building up to the annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;*
- *prompt management to implement the agreed actions for change leading to improvement in the control environment and performance; and*
- *provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales.*

Each report should include the scope and purpose of the audit to help the reader to understand the extent, or limitations, of the assurance(s) provided by the report. During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the closure stage. Before issuing the final report, the internal auditor should normally discuss the contents with the appropriate levels of management to confirm the factual accuracy, to seek comments and to confirm the agreed management actions. A draft report is useful for this purpose. Recommendations should be prioritised according to risk. The recommendations and the resultant management action plans should be agreed prior to the issue of the final report. Any areas of disagreement between the internal auditor and management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those weaknesses giving rise to significant risks that are not agreed should be brought to the attention of a more senior level of management and the board.

As set out in the PSIAS, the CAE must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. This must include the annual internal audit opinion concluding on the overall adequacy and effectiveness of the organisation's governance, risk and control framework, a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and a statement of conformance with the PSIAS and the results of the internal audit QAIP.

- 7.5.1 A standard report template is used for all audit assignments. The report includes background to the area being audited, the objectives and scope of the audit, the findings and agreed actions together with responsible owners and implementation dates. The audit report also sets out the overall opinion on the level of assurance that is being provided.
- 7.5.2 Draft reports are discussed with the client service to agree factual accuracy as well as allow the client to respond to recommendations with implementation dates and details of responsible officers.
- 7.5.3 The Internal Audit Progress Reports to Audit & Governance Panel include a table which summarises the finalised audit reports and the level of assurance provided together with number of actions arising. Although all Elected Members receive a link to all Internal Audit reports, the peer review identified that this section of the report could be expanded to provide a summary of the high and medium recommendations in order to provide context to the overall level of assurance being reported.
- 7.5.4 The overall level of assurance for the audit area is also included in the overall Internal Audit Annual Report which allows the Chief Audit Executive to provide an overall opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes for that year. The report also highlights that copies of final Internal Audit reports are available to all Members via SharePoint.

- 7.5.5 Through observation of Audit & Governance Panel meetings held via webcasting it was demonstrated that senior management value the work of Internal Audit and are committed to improving the control environment through the implementation of internal audit actions.
- 7.5.6 It is recommended that a summary of report findings is included in internal audit progress reports to provide context to the audit report opinions being reported to the Audit & Governance Panel.
- 7.5.7 South Ayrshire Council's Internal Audit **generally conforms** with Standard 2400 on Communicating Results.

7.6 2500 - Monitoring Progress

The PSIAS place responsibility for monitoring progress with the CAE to ensure that management actions have been effectively implemented or, if not, that senior management have accepted the risk of not taking action. The CAE must, therefore, implement a follow-up process for ensuring the effective implementation of audit results or ensuring senior management are aware of the consequences of not implementing an action point and are prepared to accept the risk of such consequences occurring. The results of this process should be communicated to the board. The CAE should develop escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed. These procedures should ensure that the risks of not taking action have been understood and accepted at a sufficiently senior management level. The effective involvement of the board in the follow-up process is critical to ensuring that it works. The CAE should consider revising the internal audit opinion in light of findings from the follow-up process. The findings of follow-up reviews should inform the planning of future audit work.

- 7.6.1 The Internal Audit Manual sets out the process for audit follow up. The completed action plan for each audit is monitored for completion through the Council's performance management system Ideagen. As part of the regular progress reporting to the Audit & Governance Panel progress against these action points is provided to the Members. Actions which are overdue or due within the next six months are included in the progress reports.
- 7.6.2 Through observation of Audit & Governance Panel meetings held via webcasting, it was demonstrated that there is effective challenge and scrutiny by Elected Members in relation to progress in implementing Internal Audit action plans.
- 7.6.3 The peer review identified that although the results of follow up action are included in the quarterly progress reports, the annual report could be enhanced to include the results of follow up processes to support the overall audit conclusion on the adequacy and effectiveness of the system of internal control.
- 7.6.4 It is therefore recommended that consideration is given to enhancing the annual internal audit report to include the results of the follow up process for the audit year reviewed.
- 7.6.5 South Ayrshire Council's Internal Audit service **fully conforms** with Standard 2500 on Monitoring Progress.





7.7 2600 - Communicating the Acceptance of Risks

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, they must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, they must communicate the matter to the board. It is not the responsibility of the chief audit executive to resolve the risk.

- 7.7.1 Management comments are added to the action plan where no action is proposed and the risk is accepted. This is communicated to senior management when the final report is issued.
- 7.7.2 The Internal Audit Progress Reports to Audit & Governance Panel include a table which summarises the finalised audit reports and the level of assurance provided together with the total number of actions arising. However, this section of the report could be enhanced to provide the number of recommendations raised, the number of recommendations agreed and the number of recommendations where the risk has been accepted.
- 7.7.3 The Internal Audit Annual Report for 2022-23 sets out the scope of internal audit responsibilities to provide an opinion on the Council's governance, risk management and control procedures. However, the report could be enhanced to highlight any concerns regarding management's acceptance of risk which required to be brought to the attention of the Panel.
- 7.7.4 It is recommended that the regular progress reports to Audit & Governance Panel are enhanced to provide information on those recommendations where the risk has been accepted, particularly where the recommendations are high or medium risk and highlight to the Panel any concerns.
- 7.7.5 It is recommended that the annual internal audit report is enhanced to highlight any concerns regarding management's acceptance of risk which have previously been reported to the Panel.
- 7.7.6 South Ayrshire Council's Internal Audit service **fully conforms** to the Standard on Communicating the Acceptance of Risk.

Andi Priestman
Shared Service Manager – Audit & Fraud
Inverclyde Council
February 2024

APPENDIX A – SUMMARY OF ASSESSMENT

| REF | PAGE No. | ASSESSMENT AREA | Fully Conforms  | Generally Conforms  | Partially Conforms  | Does Not Conform  |
|---------------|----------|---|---|---|---|---|
| Section A | | Mission of Internal Audit and Core Principles | ✓ | | | |
| Section B | | Definition of Internal Auditing | ✓ | | | |
| Section C | | Code of Ethics | ✓ | | | |
| Section D | | ATTRIBUTE STANDARDS | | | | |
| 1000 | | Purpose, Authority and Responsibility | ✓ | | | |
| 1100 | | Independence and Objectivity | | ✓ | | |
| 1200 | | Proficiency and Due Professional Care | ✓ | | | |
| 1300 | | Quality Assurance and Improvement Programme | | ✓ | | |
| Section E | | PERFORMANCE STANDARDS | | | | |
| 2000 | | Managing the internal Audit Activity | | ✓ | | |
| 2100 | | Nature of Work | ✓ | | | |
| 2200 | | Engagement Planning | ✓ | | | |
| 2300 | | Performing the Engagement | ✓ | | | |
| 2400 | | Communicating Results | | ✓ | | |
| 2500 | | Monitoring Progress | ✓ | | | |
| 2600 | | Communicating the Acceptance of Risks | ✓ | | | |
| TOTALS | | | 10 | 4 | | |

APPENDIX B – EVIDENCE PACK

- South Ayrshire Council PSIAS Self-Assessment 2022-23
- Internal Audit Charter 2023-24
- Financial Regulations
- Minutes of Audit & Governance Panel
- Scheme of Administration
- Internal Audit Structure Chart
- Internal Audit Job Descriptions
- Internal Audit Professional Qualifications
- Internal Audit Training Records
- Internal Audit Annual Report 2022-23
- SAC Recruitment Policy
- SAC Disciplinary Policy
- SAC Performance Appraisal Process
- SAC Code of Conduct for Employees
- Staff Register of Interests
- SAC Information Security Policy
- SAC Data Protection Policy
- SAC Whistleblowing Policy
- Internal Audit Manual 2022
- Internal Audit Annual Audit Plan 2022/23
- Annual Governance Statement 2022-23
- Audit Universe
- Audit Programme working papers
- Draft Report Template
- File Review Template
- Retention Schedule
- Audit Actions Follow Up

APPENDIX C – STAKEHOLDER QUESTIONNAIRES

Stakeholder questionnaires were issued to senior management and members of the Audit & Governance Panel and overall were very complimentary of the Internal Audit Service. In addition, stakeholder engagement was also considered through review of archived webcasting of Audit & Governance Panel meetings held during 2022 to 2023 where it was observed that there is good engagement and challenge and also recognition of the support and value that is added to the organisation by the Internal Audit service by both Elected Members and senior management.

APPENDIX D – ACTION PLAN

| No. | Para | Recommendation | Management Response | Responsible Officer / Agreed Completion Date | Current Status |
|-----|-------|---|---|---|---|
| 1 | 6.4.5 | <p>The Chief Audit Executive has recognised the need to introduce client and other surveys to enhance the quality assurance and improvement framework. The peer review has identified that there is scope to consider additional key performance indicators to align to balanced scorecard reporting of performance promulgated by the Institute of Internal Auditors.</p> <p>Specifically, the annual internal audit report should be updated to include all KPIs and additional key performance indicators in relation to compliance with internal service standards e.g. timescales for issue of draft and final reports, number of audits completed on time and within budget as these can be helpful measures to assess the efficiency and effectiveness of internal audit as well as identifying any training needs, particularly for new members of staff.</p> | <p>Recommendation Accepted Additional KPIs in relation to the delivery of the overall Internal Audit Service will be developed. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor.</p> | Chief Internal Auditor – 30 June 2024 | In progress |
| 2 | 7.1.6 | <p>The Chief Audit Executive has recognised the need to introduce a formal assurance mapping process to enhance the preparation of the risk-based annual audit plan.</p> <p>The covering report in relation to the annual audit plan should also be updated to include</p> | <p>Recommendation Accepted An assurance mapping process has been introduced and was used as part of the 2024/25 Planning Process.</p> <p>The covering report in relation to the annual audit plan will be updated to include the risk factors influencing the</p> | <p>Complete</p> <p>Chief Internal Auditor – 31 March 2025</p> | <p>Fully Implemented</p> <p>Not started</p> |

| No. | Para | Recommendation | Management Response | Responsible Officer / Agreed Completion Date | Current Status |
|-----|-------|--|---|---|-------------------|
| | | current risk factors influencing the proposed audit coverage for the year ahead. | proposed audit coverage for the year ahead going forward from the 2025/26 audit plan. | | |
| 3 | 7.2.2 | <p>The Chief Audit Executive plans to update the risk and control analysis (RACA) process for minor changes identified.</p> <p>The RACA should also be updated to include other standard risk areas such as management information, quality and effectiveness, systems and procedural documentation, business continuity planning arrangements, data protection arrangements and IT logical access controls which are common risk areas.</p> | <p>Recommendation Accepted</p> <p>Common risk areas will be added to the RACA template. The updated template will be used going forward from 2024/25.</p> | Chief Internal Auditor – 1 April 2024 | Fully Implemented |
| 4 | 7.3.3 | The RACA process should be updated firstly to include an initial risk assessment which would demonstrate audit scope is focussed on areas of higher risk and secondly, to provide no overall conclusion which would then support the overall opinion for the audit. | <p>Recommendation Accepted</p> <p>The RACA template will be updated to include an initial risk assessment and an overall conclusion. A column will be added to rank the risks recorded in the RACA and allow the auditor to ensure the scope is focussed on high risk areas. An overall conclusions section will also be added to the template which will support the audit opinion.</p> <p>The updated template will used going forward from 2024/25.</p> | Chief Internal Auditor – 1 April 2024 | Fully Implemented |
| 5 | 7.5.6 | Summary of report findings should be included in internal audit progress reports to provide context to the audit report opinions being reported to the Audit & Governance Panel. | <p>Recommendation Accepted</p> <p>Progress reports will be updated to include a brief summary of audit findings and conclusions which led to the overall audit opinion for the audit assignment.</p> | Chief Internal Auditor – from September 2024 Progress report | Not Started |

| No. | Para | Recommendation | Management Response | Responsible Officer / Agreed Completion Date | Current Status |
|-----|----------------|--|---|--|----------------|
| | | | | | |
| 6 | 7.6.4 | Although the results of follow up action are included in the internal audit progress reports, the annual report should be updated to include the results of follow up processes to support the overall audit conclusion. For example, number of recommendations made, agreed, implemented, overdue, not due at 31 March. | Recommendation Accepted The annual report for 2024/25 and going forward will include a summary of the progress of the implementation of audit actions. This will be split between formal follow up of actions, through audit assignments, and informal follow up using information recorded by services in Ideagen. | Chief Internal Auditor – 30 June 2024 | In progress |
| 7 | 7.7.4 7.7.5 | The regular progress reports to Audit & Governance Panel are updated to provide information on those recommendations where the risk has been accepted, particularly where the recommendations are high or medium risk and highlight to the Panel any concerns. The annual internal audit report should be updated to highlight any concerns regarding management's acceptance of risk which have previously been reported to the Panel. | Recommendation Accepted The annual report for 2024/25 and going forward will note where the risk has been accepted by service managers. | Chief Internal Auditor – 30 June 2024 | In progress |

| | |
|--|-------------|
| | Critical |
| | Significant |
| | Routine |

South Ayrshire Council

**Report by Depute Chief Executive and Director of Education
to Audit and Governance Panel
of 29 May 2024**

Subject: Best Value Action Plan – Progress Update

1. Purpose

1.1 The purpose of this report is to update members on the progress toward delivering the Council's Best Value Action Plan.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 scrutinises the content of the Best Value Action Plan update report;

2.1.2 considers the progress through the narrative set out within [Appendix 1](#); and

2.1.3 notes the additional actions added following the 2023/24 thematic audit on [Workforce Innovation](#).

3. Background

3.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.

3.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken. In 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022 and the 23/24 report focused on workforce innovation.

3.3 This action plan includes actions for both thematic reviews.

4. Proposals

4.1 Progress towards the actions and the accompanying narrative is attached as [Appendix 1](#).

4.2 In summary, 19 of the 24 actions are complete, and a revised due date is noted for 2 actions.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 Not applicable

7. Human Resources Implications

7.1 Not applicable

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 Rejecting the recommendations would result in reputational damage and criticism from Audit Scotland, the Accounts Commission and the Scottish Government.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to delivery of all the Council's strategic objectives and strategic outcomes.

13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.
- 13.3 Consultation has also taken place with members of the Best Value Working Group, and the contents of this report reflect any feedback provided.

Background Papers **Report to Audit and Governance Panel of 28 June 2023 – [Best Value Thematic Work in South Ayrshire 2022/23](#)**

Report to Cabinet of 29 August 2023 – [Best Value Thematic Work in South Ayrshire 2022/23](#)

Report to Audit and Governance Panel of 4 October 2023 – [Best Value Action Plan 2023](#)

Report to South Ayrshire Council of 7 December 2023 – [Accounts Commission's Findings on Best Value in South Ayrshire](#)

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Date: 17 May 2024

Best Value Improvement Action Plan

Generated on: 13 May 2024

Recommendation 1 - A balanced view of progress against the council plan priorities should be reported regularly to members. A timetable for performance reporting to elected members should be a priority. Performance reports should include details or links to planned improvement actions. The council should ensure it fully complies with the new Statutory Performance Information Direction

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|---|
| Officers will review new reporting format to ensure that it reflects the Accounts Commission's Statutory Performance Information Direction. | Kevin Anderson | 100% | 30-Aug-2023 | 30-Aug-2023 | 30-Oct-2023 Reporting format options to be circulated to CLT. All options under development take cognisance of the Account Commission's Statutory Performance Information Direction. new status update -- |

Recommendation 2 - To ensure the effective delivery of local outcomes, the council should publish the remaining Place Plans

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|---------------|----------|-------------------|------------------|--|
| Ongoing dialogue with elected members on the details of the Place Plans to be used to advance place-based activity. | George Hunter | 100% | 31-Mar-2024 | 31-Mar-2024 | 13-Mar-2024 The role of Team Leader Place Planning was fulfilled on the 11th of September 2023. The actions from the existing place plans for Ayr North and Girvan were reviewed and present to the elected members. Thriving Communities (place planning) is working in collaboration with Planning and Development team in view of creating support material and guidance for community led bodies to develop Community led Action Plans and Community led Local Place Plans. Progress depends on community council groups capacity and resources. |

Recommendation 3 - There should be a clear process introduced that is sufficiently resourced to ensure these crosscutting priorities are given the necessary consideration. Measures should be set for monitoring progress for cross cutting themes. In particular how the council will measure that it is reducing inequalities

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|--|
| Continue to develop Integrated Impact Assessment Tool | Kevin Anderson | 100% | 30-Sep-2023 | 30-Sep-2023 | 24-Nov-2023 New Integrated Impact Assessment agreed by Cabinet in September 2023. IIA to be rolled out to the Strategic Change and Communities directorate over Nov/Dec 23 with full rollout to the Council and HSCP during 2024 |

Recommendation 4 - The plans to reintroduce a corporate approach to self-evaluation need to be progressed. The council's self-evaluation should include an understanding of its performance in relation to other councils

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|--|
| Officers and members to re-establish approaches to self-evaluation across the council using How Good Is Our Council (HGIOC) to develop a framework to support ongoing evaluation for improvement. | Kevin Anderson | 100% | 31-Dec-2023 | 31-Dec-2023 | 24-Nov-2023 Following an options appraisal of the tools available, The Best Value Member/Officer Working group has agreed to adopt the Improvement Service's Public Sector Improvement Framework (PSIF) and integrate self-evaluation into the service planning process. The Improvement Service have agreed to support the Council to do this and a series of meetings and training sessions are planned in the run up to service plans being updated in Spring 2024. |

Recommendation 4 The Council should make sure that its transformation work is fully aligned and integrated to its covid recovery planning work and improve its approach to its Strategic Change Programme by: • Adding greater detail about individual projects • Setting clear timelines for each project • Developing a benefits realisation tracker to assess whether the Council has achieved its aims. (paragraphs 123 and 124)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|---|
| The council should make sure that its transformation work is fully aligned and integrated to its Covid-19 recovery planning | Kevin Anderson | 100% | 20-Jun-2023 | 20-Jun-2023 | 30-Oct-2023 Updated and refocused strategic change programme agreed by Cabinet in June 2023 . The Strategic Change Programme has since been replaced by the |

| | | | | | |
|---|--|--|--|--|---|
| work and improve its approach to its strategic change programme | | | | | Transformation Portfolio, Fund and Board with new governance arrangements approved. |
|---|--|--|--|--|---|

Recommendation 5 The council should improve performance reporting by: • setting targets for its Key Performance Indicators (KPIs) • including a summary of performance against KPIs in its performance reports to members • increasing the frequency of reports to elected members • making performance reports more accessible to the public

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|----------------|----------|-------------------|------------------|--|
| The council should improve performance reporting | Kevin Anderson | 100% | 20-Jun-2023 | 20-Jun-2023 | 30-Oct-2023 New Performance Management Framework aligned to the Council Plan 23-28 was approved by Cabinet in June 2023. Improving the accessibility of performance information has been carried over and is a stand-alone action in this plan |

Recommendation The council should develop performance measures and targets to monitor the impact of its workforce planning approach with data on future skills and capacity projections or any plans for various scenarios detailed. Additionally, workforce data such as the number of casual staff, age profile of staff and staff turnover should also be reported regularly to members. Paragraph 14 "Workforce Innovation - how councils are responding to workforce challenges Best Value thematic work in South Ayrshire Council 2023/24"

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|-------------------|----------|-------------------|------------------|--|
| As part of the Council's revised Transformation Process, specific workforce targets and expectations will be set, cascaded, and reported against. | Lyndsay McRoberts | 15% | 31-Dec-2024 | 31-Dec-2024 | 13-May-2024 A senior responsible officer for corporate workforce planning will be confirmed, and ELT will provide strategic direction/clarity around high-level workforce targets (which will inform the development of the next iteration of the corporate workforce plan.) Aspects of reporting and delivery will be supported by the new Transformation service. The Transformation Board now considers proposed projects based on their alignment to strategic priorities, including workforce planning. |

Recommendation The council should measure and report on the impact that digital technology has on its service delivery and outcomes, including how this can shape its workforce of the future. Paragraph 37 "Workforce Innovation - how councils are responding to workforce challenges Best Value thematic work in South Ayrshire Council 2023/24"

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|-------------|----------|-------------------|------------------|--|
| Value added/benefits realisation to become embedded into revised Transformation Process and associated structure | Louise Reid | 100% | 31-Dec-2024 | 31-Dec-2024 | The Transformation Benefits Realisation Plan was approved by the Transformation Board on 1 May 2024. The 4 stage benefits process is being implemented across the portfolio and projects, including roles and responsibilities, and reporting arrangements. L&D sessions for staff on the implementation of a benefits-led approach to delivery is being developed in the context of the Transformation Communications Plan. |

Recommendation The council should prioritise the development of workforce planning reporting tools in Oracle Fusion to aid managers in decision making. Paragraph 39 "Workforce Innovation - how councils are responding to workforce challenges Best Value thematic work in South Ayrshire Council 2023/24"

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|-------------|----------|-------------------|------------------|--|
| Projects and procurement activities related to Fusion enhancement will be required to consider workforce planning data and reporting, and how they improve the development of future workforce plans. | Louise Reid | 10% | 31-Mar-2025 | 31-Mar-2025 | The Oracle support contract was awarded early May 2025. Work will now progress (led by ICT with input from HR, Payroll, Finance, Procurement, Transformation, OD) with the supplier to define and develop a range of reports that will inform corporate workforce plan updates (and the development of the 2025-28 plan), and provide meaningful workforce data to managers to aid their service workforce planning. Note - development and progression of reporting requirements will also be aided by the confirmation and input of a senior office responsible for workforce planning - as detailed in the 2nd action within recommendation 5. |

Report Reference - As part of the impact assessment approach, it is intended that an increased and ongoing level of climate change expertise and support will be made available to policymakers from an early stage as they develop policies. (Para 82 & 83

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|----------------|----------|-------------------|------------------|---|
| Agree revised structure for Sustainability and Climate Change Team to ensure support is available to policymakers. | Kevin Anderson | 90% | 31-Dec-2023 | 31-Mar-2024 | 13-May-2024 Action paused due to Council restructure and change of Directorate. New deadline requested. |

Report Reference - As the Strategic Change programme progresses with delivering projects, officers from the team will be developing ways for council staff to suggest and bring forward project ideas. The use of corporate communication channels to promote examples of good practice will be considered to help publicise how officers and project teams have worked collaboratively to deliver change. (Para 110)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|--|
| Develop method to encourage council staff to suggest project ideas and promote successful projects. | Stewart McCall | 100% | 31-Mar-2024 | 31-Mar-2024 | 26-Mar-2024 On 6th March the Council approved new proposals for 'Shaping Our Future' Council, in response to the need to improve the pace of change and transformation. This includes changes at a Chief officer and senior management level, with updated responsibilities and re-allocation of resource to drive change activity forward and realise benefits that will ensure the sustainability of the council. The Strategic Change Programme and Change Executive is being replaced with a wider Transformation Portfolio and Transformation Board chaired by the Chief Executive. The Council approved the establishment of the Transformation Fund – a capital and revenue fund available to support delivery of activity and focussed on achieving long term benefits and efficiencies. A Service Leads session was held to communicate changes to staff and seek buy in to move the agenda forward with services. Communications were issued to all staff on the fund launch – email comms targeted to CLT/ Service Leads, and discussed at staff meetings. Comms were issued and distributed to all staff via a staff bulletin and SWAY. This has resulted in staff across the organisation coming forward with ideas and projects that can progress to business case. A Transformation Communications Plan is in development for wider implementation to staff and stakeholders. |

Report Reference - Capital investment has also been committed, including £1 million in each of the 8 wards across South Ayrshire over the next four years to make infrastructure improvements to benefit communities. These investment decisions have been influenced using the information collated as part of the council's engagement with its communities as part of its place planning. The identified projects have been linked to the new Council Plan's priorities. The proposed projects will be considered by the Council in June 2023. The council has committed to regular monitoring of the projects to ensure transparency with its investment decisions. (Para 94)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|------------|----------|-------------------|------------------|--|
| Agree monitoring process for Ward Capital Investment Process and outcomes. | | 100% | 30-Sep-2023 | 30-Sep-2023 | 31-Oct-2023 Paper presented to Cabinet in September 2023 |

Report Reference - From review of the update to Panel, on average 45 per cent of members were noted as attending the 11 briefings since August 2022. There is a need to improve the accuracy and relevance of the attendance figures. (Para 168)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|---|
| Improve accuracy of recording attendance figures at member briefings. | Catriona Caves | 100% | 31-Mar-2024 | 31-Mar-2024 | 28-Nov-2023 Attendance figures are reviewed as to subject matter and appropriate audience, and online training access is recorded |

Report Reference - In future the council is to demonstrate in budget papers how it is aligned to the council's priorities. (Key message 8)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|------------|----------|-------------------|------------------|---|
| Align future budget papers to the Council Plan. | Tim Baulk | 100% | 31-Mar-2024 | 31-Mar-2024 | 13-Mar-2024 The 2024/25 budget was approved by council on 29 February 2024. The budget proposals included information on which Council Priority investment decisions and savings proposals were linked to ensure decisions makers were aligning decision to Council priorities. |

Report Reference - South Ayrshire Council should use the LGBF data alongside its engagement with its communities to assess its local performance and priorities. (Para 50)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|---|
| Update Local Government Benchmarking Framework (LGBF) report format to take account of the recommendations from Audit Scotland. | Kevin Anderson | 75% | 30-Jun-2024 | 30-Jun-2024 | <p>28-Mar-2024 New data packs which include longitudinal data on each indicator have been supplied to Service Leads. The packs show.</p> <ul style="list-style-type: none"> . South Ayrshires individual performance over 3 and 5 years . South Ayrshires performance in relation to our Family Group and National average over 3 and 5 years . The performance of our Family Group for the current year for which data is available. . An abbreviated commentary on the performance of the indicator nationally <p>Guidance of using the information in the packs is also given to encourage.</p> <ul style="list-style-type: none"> . More scrutiny on the variations in cost and performance which are occurring between the councils in our family group. . Using LGBF data alongside other local data Interpreting the data against SAC's strategic priorities |

Report Reference - The council developed a Community Engagement Strategy in 2020, but there is no evidence of the council assessing whether it has improved community engagement Whilst publishing the results of each consultation provides transparency and feedback on the needs of citizens, the council could take this a step further by evidencing how the results of these surveys have impacted on the decisions taken by Council. (Para 56)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|---------------|----------|-------------------|------------------|---|
| Assess the impact of the Community Engagement Strategy noting how feedback has influenced outcomes. | George Hunter | 100% | 31-Mar-2024 | 31-Mar-2024 | <p>13-May-2024 Thriving Communities continue to engage with local communities to help influence keys decisions in their local community. The Thriving Communities Team Leader is currently updating the 'Placemaking' South Ayrshire Placemaking in South Ayrshire - website and is currently supporting communities to develop community led action plans or support groups who are interested in developing a local Place Plan. Examples include Ayr East where both Community Councils have joined together to engage with the local</p> |

| | | | | | |
|--|--|--|--|--|---|
| | | | | | <p>community to identify local priorities. Work in North Ayr is ongoing and includes engagement activity in Wallacetown, Dalmilling and Lochside. The Consultation on priorities in Prestwick are currently live and this will influence how regeneration funding will be allocated. In the villages of Monkton, Symington and Tarbolton the number of people engaged continues to increase.</p> <p>In addition to work to develop local plans, Thriving Communities are working alongside the HSCP to organise Participatory Budgeting events during 2024. Funding from HSCP and Thriving Communities will provide opportunities for local groups and organisations to influence where funding should be allocated.</p> <p>Thriving Communities have also launched the empowering communities fund (£30,000) that offer groups the opportunity to apply for funding that will assist them to build capacity or enhance capital assets.</p> <p>The Council's leadership team have agreed that responsibility for community engagement should move to the corporate performance team to ensure consistency among services. This action will be closed off and an updated action will be added to reflect the change.</p> |
|--|--|--|--|--|---|

Report Reference - The council has committed to updating the MTFP annually, with the next review due to take place in October 2023 (Para 100)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|------------|----------|-------------------|------------------|--|
| Review the Medium Term Financial Plan (MTFP) | Tim Baulk | 100% | 30-Nov-2023 | 30-Nov-2023 | 05-Dec-2023 The MTFP was approved at Cabinet on 28th Nov 2023. The budget strategy contained in the document will be used as the basis of the budget setting process for 2024/25 and beyond. |

Report Reference - The council has in place an ICT Strategy 2021-2023 and a Digital Strategy 2019-2022. Going forward there will be one combined strategy, originally planned for March 2023. Both current strategies have an action plan to be delivered over their lifecycle. A final report on the outcomes of the strategies will be provided to elected members in due course to allow visibility and scrutiny of the actions taken over this timeframe. (Para 124 & 125)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|------------|----------|-------------------|------------------|---|
| Provide elected members with a final report on the outcomes of the ICT Strategy 2021-23 and the Digital Strategy. | Tim Baulk | 100% | 30-Nov-2023 | 30-Nov-2023 | 18-Dec-2023 New Strategy approved by Council on the 7th of December. |
| Consider opportunities for further cross-party collaboration to help deliver on the Council Plan | | 100% | 30-Nov-2023 | 30-Nov-2023 | 18-Dec-2023 The Best Value Working Group have agreed to encourage all Member Officer Working Groups to align to the Council Plan. The annual ward capital funding will be agreed collaboratively with all ward members. |

Report Reference - The council should now monitor the effectiveness of the new governance structure to ensure that the openness and transparency of decision making, and scrutiny is maintained. (Para 149)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|---|
| Arrange training with members of Audit and Governance and Service and Partnership Performance Panel | Catriona Caves | 100% | 31-Oct-2023 | 31-Oct-2023 | 27-Nov-2023 Training was completed and very well received-consideration will be given to the same workshop being incorporated in Members Training to assist with scrutiny each five year terms because of the importance of this role in the Council and the number of new members. The training provided foundation training for less experienced members and the business training a very good level of more detailed training. |

Report Reference - The council should review the content of the performance section of its website to ensure it meets the requirements of the new SPI direction. (Para 32)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|------------|----------|-------------------|------------------|--|
| Review content of the Council Performance and Best Value web pages | | 100% | 30-Sep-2023 | 30-Sep-2023 | 30-Oct-2023 Work has been carried out to complete the refresh of the layout of the public performance reporting webpage – there are now 5 tiles which people can navigate on the following areas: South Ayrshire Council Performance Reporting (this section includes Council performance and Service Performance), Benchmarking (LBGF information and my 'mylocalcouncil' access), External Audit (Audit Scotland Reports), Community Planning Partnership (link to the CPP webpage and access to annual progress reports for the LOIP) and Best Value (Assurance Report, Progress Updates and Self Evaluation) |

Report Reference - The next update of the LTFO is due to take place in October 2023. The council has committed to updating future iterations of both the MTFP and LTFO in line with the financial environment it is operating in at the time, together with the council's priorities. (Para 105)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|--|------------|----------|-------------------|------------------|---|
| Update Long-Term Financial Plan (LTFP) | Tim Baulk | 100% | 30-Nov-2023 | 30-Nov-2023 | 24-Nov-2023 The three year Medium Term Financial Plan and ten year long term financial plan have been combined in to one five year Medium Term Financial Plan. This 5 year MTFP will be presented to Cabinet for approval on 28th Nov 2023. |

Report Reference - Work will take place during 2023 to refresh the LOIP to identify a new set of priority areas for it from April 2024 onwards. The council's revised priorities and service delivery plans are being considered when developing the new LOIP (Para 24)

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|----------------|----------|-------------------|------------------|--|
| Ensure clear strategic links between the new LOIP and existing Council Plan | Kevin Anderson | 100% | 31-Mar-2024 | 31-Mar-2024 | 24-Nov-2023 Similarly to the Council Plan 23-28, the draft LOIP priorities use Place and Wellbeing as high level strategic themes. These themes have been used to develop priority |

| | | | | | |
|--|--|--|--|--|---|
| | | | | | areas for each Strategic Delivery Partnership to advance. The draft priorities were agreed by the Community Planning Executive in November 2023 and consultation is planned during the first quarter of 2024. The new LOIP will be presented to the Community Planning Board in April 2024 for approval |
|--|--|--|--|--|---|

Cannot group these rows by Desired Outcome

| Action | Managed By | Progress | Original Due Date | Current Due Date | Latest Note |
|---|---------------|----------|-------------------|------------------|---|
| Align Place Plan development with localities and advance participatory budgeting approaches to place via Community Planning | George Hunter | 80% | 31-Dec-2023 | 31-Jul-2024 | <p>04-Apr-2024 The role of Team Leader Place Planning was fulfilled on the 11th of September 2023. The actions from the existing place plans for Ayr North and Girvan were reviewed and present to the elected members. Thriving Communities (place planning) is working in collaboration with Planning and Development team in view of creating support material and guidance for community-led bodies to develop Community-led Action Plans and Community-led Local Place Plans. An elected members' briefing is being held on the 17th of April 2024 to report on progress. Twenty-four localities (via community councils or other community-led bodies) were approached in relation to place planning and developing a community action plan. Localities are at different stages with the majority contacted and given information how to proceed forward. Up to date, approximately 1,110 individuals were approached and participated to some degree in place planning.</p> <p>A participatory budgeting event was held in Girvan on the 21st of February at 7pm. The PB event was intended for the Girvan and South Carrick area only. 18 groups were in attendance, and 12 local groups were funded with the total sum of £30,917.</p> |

South Ayrshire Council

**Joint Report by Chief Financial Officer and Chief Governance Officer
to Audit and Governance Panel
of 29 May 2024**

Subject: Audit and Governance Panel – 2023/24 Annual Report

1. Purpose

1.1 The purpose of this report is to provide the Panel with the Audit and Governance Panel annual report for 2023/24.

2. Recommendation

2.1 It is recommended that the Panel:

2.1.1 considers the Audit and Governance Panel annual report for 2023/24 (attached as [Appendix 1](#)); and

2.1.2 remits the report to Council on 27 June 2024 for consideration.

3. Background

3.1 At its meeting on 6 December 2023, as part of its consideration of the report entitled 'Audit and Governance Panel – 2023 Annual Self-Assessment Outcome', the Panel agreed:

- to receive an annual joint report by the Chief Governance Officer and the Chief Financial Officer in May 2024 outlining the work of the Audit and Governance Panel for the financial year 2023-24 (per Action 1 in Appendix 3 of the December report); and
- thereafter to remit the report to Council in June 2024 for consideration.

4. Proposals

4.1 The Audit and Governance Panel (AGP) annual report for 2023-24 is attached as Appendix 1 and contains information on the following:

4.1.1 AGP membership and meetings held during the year;

4.1.2 summary information on AGP activity and decisions during the year; and

4.1.3 an annual assurance statement by the Chair of the AGP.

4.2/

- 4.2 The Panel is asked to:
- 4.2.1 consider and approve the Audit and Governance Panel annual report for 2023/24;
 - 4.2.2 request that the report is remitted to Council on 27 June 2024 for consideration.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Not applicable.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 There are no risks associated with rejecting the recommendations.

9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

10. Sustainable Development Implications

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Priority 4 of the Council Plan: Efficient and effective enabling services.

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

Background Papers **Report to Audit and Governance Panel of 6 December 2023 – [Audit and Governance Panel – 2023 Annual Self-Assessment Outcome](#)**

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Date: 17 May 2024

Audit and Governance Panel Annual Report 2023-24

Draft for Approval

Contents

1. **Introduction**
2. **Audit and Governance Panel (AGP) Terms of Reference and Delegations**
3. **AGP Membership and Meetings**
4. **AGP Activity and Performance**
5. **AGP Assurance Statement**

1. Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) published recommended best-practice guidance for the operation of Audit Committees in local authorities across the United Kingdom in its publication entitled 'Audit Committees: Practical Guidance for Local Authorities and Police (2013)' (the 'guidance'); and in its subsequent 'Position Statement: Audit Committees in Local Authorities and Police (2022)' (the 'position statement').

The guidance and position statement are seen as an integral element of the corporate governance framework.

A key element of the guidance is that an Audit Committee should be held to account on a regular basis. In practice within South Ayrshire Council this means accountability to full Council. The guidance recommends that the preparation of an annual report by the Audit Committee can be a helpful way to enable the Committee to demonstrate its accountability to the Council.

Within South Ayrshire Council, the Audit and Governance Panel undertakes the 'Audit Committee' role alongside its wider governance remit.

2. Audit and Governance Panel Terms of Reference and Delegations

The terms of reference and delegations to the Audit and Governance Panel derive from the decision made by South Ayrshire Council to establish an Audit and Governance Panel and to delegate specific powers to the Panel rather than to reserve those powers to itself.

The current terms of reference and delegations to the Audit and Governance Panel are set out in detail in Section 3 ('Terms of Reference and Delegations to Scrutiny Panels') of the Council's Scheme of Delegation, effective December 2023.

The core remit of the Audit and Governance Panel is to provide independent assurance on the adequacy of the Council's arrangements for risk management, corporate governance, and internal control.

This Annual Report has been prepared to:

- meet the requirements of the CIPFA guidance and position statement;
- meet the requirements of the Council's Scheme of Delegation;
- ensure that the Panel clearly reports to the Council on the adequacy of the Council's risk management, corporate governance, and internal control arrangements; and
- inform the Council about the Audit and Governance Panel's activity and performance for the 2023-24 financial year.

3. Audit and Governance Panel Membership and Meetings

Panel Membership

In May 2022 Council appointed the following elected members to the Audit and Governance Panel:

- Councillor Peter Henderson (Chair until May 2023);
- Councillor Brian McGinley (Vice-Chair);

- Councillor Kenneth Bell;
- Councillor Chris Cullen;
- Councillor Mary Kilpatrick;
- Councillor Cameron Ramsey;
- Councillor Gavin Scott (until October 2023); and
- Councillor George Weir.

Council appointed Councillor Julie Dettbarn as Chair of the Panel at its meeting of 29 June 2023, following the resignation of Councillor Henderson earlier in June 2023. At its meeting of 12 October 2023, Council appointed Councillor Alan Lamont as a replacement for Councillor Gavin Scott on the Panel.

Quorum for the Audit and Governance Panel is three Members.

Meeting schedule

The Audit and Governance Panel met on ten occasions during 2023-24:

| | | | | |
|-------------|--------------|-------------|---------------------------|---------------|
| 31 May 2023 | 28 June 2023 | 6 Sept 2023 | 27 Sept 2023 (Special) | 4 Oct 2023 |
| 8 Nov 2023 | 6 Dec 2023 | 24 Jan 2024 | 22 Feb 2024 | 20 March 2024 |

All Panel meetings took place in compliance with the Council's Scheme of Delegation and Standing Orders. Since August 2020 meetings have been held using the Council's hybrid meeting platform to allow remote and physical participation. From June 2022 meetings have been live-streamed and made available publicly on the Council's live streaming website.

Overall, an 86% Panel Member attendance at meetings was achieved during the year, either in person or remotely, as shown in the table below.

| Date of meeting | In Person | Remote | Apologies | % achieved |
|-------------------|-----------|--------|------------|------------|
| 31 May 2023 | 6 | 1 | 1 | 88 |
| 28 June 2023 | 5 | 2 | 1 | 88 |
| 6 September 2023 | 4 | 2 | 2 | 75 |
| 27 September 2023 | 3 | 3 | 2 | 75 |
| 4 October 2023 | 5 | 2 | 1 | 88 |
| 8 November 2023 | 6 | 2 | - | 100 |
| 6 December 2023 | 6 | 2 | - | 100 |
| 24 January 2023 | 4 | 1 | 3 | 63 |
| 22 February 2023 | 7 | 1 | - | 100 |
| 20 March 2023 | 5 | 2 | 1 | 88 |
| | | | Ave | 86% |

4. Audit and Governance Panel Activity and Performance

The Audit and Governance Panel Annual Report enables the Panel to clearly demonstrate delivery of its key responsibilities and accountabilities for providing the Council with independent assurance on the adequacy of arrangements for risk management, governance, and internal control.

Scrutiny Activity

The Panel performed its scrutiny work during 2023-24 by receiving a total of 35 reports in relation to, considering, scrutinising, and following up the outcomes from reports from various assurance providers, including:

- Internal Audit and Corporate Fraud;
- Corporate Finance;
- External Audit;
- Risk Management;
- External Regulatory or Assurance bodies; and
- Other Governance and Scrutiny reporting.

Detailed information on the reports received and action taken in relation to the above is shown in Annex A (pages 8 to 17 of this appendix).

Copies of the AGP agenda papers for the current meeting cycle and approved Minutes of meetings of the Audit and Governance Panel are available to the public on the Council's website.

Training Activity

A number of Members training sessions took place during 2023-24 to ensure the continued development of Members skills and experience. Details of all the sessions that were held during the year are provided in the table below. Some of the sessions, as described in the table, had a specific relevance for Members of the AGP but were open for all Members to attend. The specific AGP relevant sessions took place to allow Members of the Panel to gain a greater understanding of the activities scrutinised by the AGP and to more fully interrogate the scrutiny role for Panel members, thus increasing the frequency, scope and depth of members' questions at Panel.

| Date | Title of training session | Specific relevance to AGP |
|-------------|---|---------------------------|
| 3 May 2023 | Treasury Management | Yes |
| 7 June 2023 | Accounts Commission Local Government Overview Report | Yes |
| 3 Oct 2023 | Scrutinising business case workshop - Improvement Service | Yes |
| 25 Oct 2023 | Scrutiny Foundations workshop - Improvement Service | Yes |
| 1 Nov 2023 | Corporate Fraud Team | Yes |
| 24 Jan 2024 | Common Good | No |

| Date | Title of training session | Specific relevance to AGP |
|-------------|------------------------------|---------------------------|
| 24 Jan 2024 | Scotland Excel (Procurement) | No |
| 7 Feb 2024 | Treasury Management Team | Yes |

Annual Survey – Feedback

Members - Twenty Elected Members were asked for anonymous feedback on their interaction with the Panel during the year. Nine responses were received and are presented below.

| Rating | Strongly Agree % | Agree % | Disagree % | Strongly Disagree % |
|--|---------------------|------------|---------------|------------------------|
| Quality of Panel Reports | 11 | 88 | 0 | 0 |
| Interaction During Meeting | 11 | 66 | 22 | 0 |
| Effective Role of Panel in Decision Making Structure | 0 | 100 | 0 | 0 |

The information above reflects that the vast majority of members are satisfied (strongly agree or agree) with the quality of reports at Panel and the manner in which the Panel conducts its business as part of the Council’s decision-making structure.

Officers - Fifteen officers, who regularly interact with the Panel were asked for feedback on their interaction with the Panel during the year. Nine responses were received and are presented below.

| Rating | Strongly Agree % | Agree % | Disagree % | Strongly Disagree % |
|---|---------------------|------------|---------------|------------------------|
| Panel's Understanding of Tabled Reports | 22 | 66 | 11 | 0 |
| Effective Role in Decision Making Structures Relative to Service Requirements | 55 | 33 | 11 | 0 |

The information above similarly reflects officers’ satisfaction in relation to the Panel’s understanding of reports and its effective decision making relative to individual services. Officer comments included suggested targeted areas for training for the Panel and, therefore, future training activity is being developed to address current identified and emerging needs.

Self-Assessment Performance

In line with the CIPFA document ‘Audit Committees: Practical Guidance for Local Authorities and Police – 2022 Edition’, with particular reference to the ‘Self-Assessment of Good Practice – Checklist’ provided within that document, the Audit and Governance Panel undertook a self-assessment in September 2023, with the results being reported to the Panel in December 2023.

In general terms, the outcome of the self-assessment, as evidenced by the score of 159 out of 200, was broadly similar to the self assessment undertaken in 2021 (although not directly comparable due to the change in methodology), with Members being satisfied with the effectiveness of the Panel in undertaking its role and discharging its functions within the Council’s decision-making arrangements in most respects.

Notwithstanding the considered overall general effectiveness of the Panel, a small number of important matters were raised relative to which actions for improvement were required. A summary of the agreed actions is provided in the table below along with an assessed status update on progress to date.

| Proposed action | Responsible Officer | Due Date | Status |
|--|--------------------------------------|----------------------------|--|
| Introduce an annual report on the activities of the AGP to be considered and approved by AGP and then remitted to Council for consideration | Service Lead – Democratic Governance | June 2024 | Complete (subject to approval at May 2024 AGP and remittance to Council for consideration) |
| Include relevant evaluation information and areas for development in the self-assessment reporting (Dec 2023) and include compliance information in the annual report to Council | Service Lead – Democratic Governance | June 2024 | Complete (subject to approval at May 2024 AGP and remittance to Council for consideration) |
| Engage with Audit Scotland to seek to widen private discussions beyond Chair and Vice Chair to all AGP members | Chief Financial Officer | June 2024 | Complete – Audit Scotland have agreed to widen the private informal discussion to encompass all members of the Panel following the formal AGP in September each year. |
| Develop and implement mechanisms for obtaining feedback from Elected Members and officers of the Council and include results in the annual report to Council | Service Lead – Democratic Governance | June 2024 | Complete – Annual survey circulated to Members and Chief Officers in March 2024 with results included in the Annual Report. |
| Members of the AGP should be encouraged to contribute and engage in the scrutiny process whenever possible | Chair and Members of the Panel | Oct 2024 | In progress – recent minutes of panel meetings evidence wider engagement and scrutiny from members of the panel. |
| Self-assessment to be undertaken annually (Sept) with outcomes to be considered by AGP each December and annual report to be consider by full Council in June each year. Annual self-assessment to include action plan for areas of improvement | Service Lead – Democratic Governance | Dec 2023 and then annually | Complete Dec 2023 - with next self assessment planned for Sept 2024. |

5. Audit and Governance Panel Assurance Statements

The work of the Audit and Governance Panel during and in relation to 2023-24 is detailed at Section 4. This work was supported by reports, information and assurance statements from various sources including internal and external auditors, council management and regulatory or inspection bodies.

I have taken account of the breadth and depth of work performed by the Panel during the year to enable the Panel to provide the Council with independent assurance on the adequacy of its arrangements for risk management, governance, and control.

I can, therefore, provide the Council with reasonable assurance on the adequacy of the arrangements for risk management, governance, and control, based on the work undertaken by the Panel.

I can also confirm, in relation to its terms of reference, delegations and performance that during the year the Panel:

- operated in accordance with the Council's Scheme of Delegation which sets out the approved remit and delegations to the Audit and Governance Panel;
- operated in accordance with the requirements of the CIPFA 'Audit Committees Practical Guidance for Local Authorities and Police (2013)' and 'Position Statement: Audit Committees in Local Authorities and Police (2022)';
- received and took assurance from updates for Internal Audit reviews and assignments, sought any necessary clarification from council management on audit findings and assurance from management that agreed improvement actions to internal control, risk management and corporate governance arrangements would be implemented as agreed;
- satisfied itself that, for all improvement actions set out in Internal Audit reports, appropriate systems are in place to follow-up, monitor, evidence and report their implementation;
- noted the Internal Audit Annual Reports for 2022-23 and the Chief Internal Auditor's 'Audit Opinions for the Annual Governance Statement'. The Reports provided the Panel with reasonable assurance from the Chief Internal Auditor on the adequacy and effectiveness of the Council's internal control, risk management and corporate governance arrangements, based on the work of Internal Audit during the respective year;
- noted reports from the Council's external auditor, Audit Scotland, including the Annual Reports to Members and the Controller of Audit for the financial year ended 31 March 2023. The Panel sought any necessary clarification from management on audit findings and assurance that any agreed improvement actions to internal control, risk management and corporate governance arrangements would be implemented as agreed;
- noted and took assurance from risk management reports to fulfil its delegated function to monitor the effective development and operation of arrangements for the management of risk in the Council. The Panel undertook regular review and scrutiny of the development of the Strategic Risk Register and corporate risk management arrangements;
- noted corporate fraud reports on actual and potential frauds, losses, thefts, or financial irregularities reported or identified from counter fraud work and the Council's participation in the National Fraud Initiative exercise. This enabled the Panel to fulfil its delegated function to monitor the effective development and operation of arrangements for the prevention and investigation of fraud and irregularity. The Panel scrutinised and monitored the Council's counter fraud activity and compliance with best practice and any legal requirements;
- noted the audited Annual Accounts for the Council and for the Council's Common Goods Funds and Charitable Trusts for 2022-23 and considered the draft,

unaudited Annual Accounts for 2022-23 prior to submission to the external auditor;
and

- approved the minutes of meetings held by the Panel as a record of attendance, its proceedings and the decisions made by the Panel.

In terms of the statutory requirements and timescales set out in the Local Authority Accounts (Scotland) Regulations 2014 I can also confirm that the Audit and Governance Panel undertook the following activities in relation to the Council's annual accounts during the year (as those related specifically to the 2022-23 annual accounts process):

- received and noted the Council's draft, unaudited Annual Accounts for 2022-23 by the statutory deadline of 30 June and considered the draft, unaudited Annual Accounts prior to submission to the external auditor;
- received and noted the draft Annual Governance Statement for 2022-23 included within the draft Annual Accounts by the statutory deadline of 30 June; and
- received and took assurance from the Internal Audit report on the annual review of the effectiveness of the Council's risk management, corporate governance and internal control arrangements and compliance with the Council's Code of Corporate Governance, which informed the Panel's consideration of the Annual Governance Statement for 2022-23.

Councillor Julie Dettbarn
Chair of the Audit and Governance Panel

May 2024

Internal Audit and Corporate Fraud

The Panel received 9 reports from the Chief Internal Auditor in relation to planned and unplanned audits, other annual assurance work and counter-fraud activity.

This enabled the Panel to oversee the work of Internal Audit and Corporate Fraud in relation to the provision of assurance on the Council's framework of arrangements for risk management, corporate governance, and internal control and in terms of corporate counter-fraud arrangements. Details of the Internal Audit and Corporate Fraud reports and other outputs considered during, or in relation to, 2023-24 are set out in Tables 1 below.

Table 1

| Report | Panel Date | Purpose | Panel Action |
|---|--------------|---|--|
| Corporate Fraud – Activity report and update on 2022/23 National Fraud Initiative | 31 May 2023 | to advise Members of the Corporate Fraud Team's (CFT) activity from 1 October 2022 to 31 March 2023 and to provide an update on the progress of the 2022/23 National Fraud Initiative exercise | <ul style="list-style-type: none"> considered the CFT activity for the six-month period to 31 March 2023 noted the update on the 2022/23 National Fraud Initiative (NFI) |
| Internal Audit annual Report 2022/23 | 28 June 2023 | to report on the internal audit activity during 2022/23 and to provide an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems | <ul style="list-style-type: none"> noted the Internal Annual Audit report and assurance statement |
| Internal Audit Annual Update Report – Integration Joint Board | 6 Sept 2023 | to provide an annual report for information to the Panel on internal audit work carried out for the Integration Joint Board (IJB) by the South Ayrshire | <ul style="list-style-type: none"> noted the content of the report. |

| Report | Panel Date | Purpose | Panel Action |
|---|-------------------|--|--|
| (IJB) Performance and Audit Committee (PAC) | | Council and NHS Ayrshire and Arran (NHSAAA) internal auditors. | |
| Internal Audit – Progress Report | 6 Sept 2023 | to advise Members of progress of the 2022/23 internal audit plan, progress of the 2023/24 internal audit plan, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme. | <ul style="list-style-type: none"> considered the content of the report |
| Internal Audit – Progress Report | 8 Nov 2023 | to advise Members of progress of the 2022/23 internal audit plan, progress of the 2023/24 internal audit plan, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme | <ul style="list-style-type: none"> considered the content of the report |
| Internal Audit Plan 2023/24 – Midyear Review | 8 Nov 2023 | to seek approval for a revision to the 2023/24 Internal audit plan | <ul style="list-style-type: none"> approved the revised 2023/24 Internal Audit plan |
| Corporate Fraud Team – Activity Report and 2022/23 National Fraud Initiative Update | 6 Dec 2023 | to advise Members of the Corporate Fraud Team's (CFT) activity from 1 April 2023 to 30 September 2023 and to provide an update on the 2022/23 National Fraud Initiative exercise | <ul style="list-style-type: none"> considered the CFT activity for the six-month period to 30 September 2023 noted the update on the 2022/23 National Fraud Initiative |
| Internal Audit – Progress Report | 22 Feb 2024 | to advise Members of progress of the 2022/23 and the 2023/24 internal audit | <ul style="list-style-type: none"> considered the content of the report |

| Report | Panel Date | Purpose | Panel Action |
|--|---------------|---|---|
| | | plans, directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Programme | <ul style="list-style-type: none"> approved the revision to the 2023/24 Internal Audit Plan |
| Proposed Internal Audit Plan 2024/25 (including Annual Review of Internal Audit Charter) | 20 March 2024 | to submit, for approval, the proposed Internal Audit Plan and reserve list for 2024/24. Approval also being sought for the revised Internal Audit Charter. | <ul style="list-style-type: none"> approved the annual audit plan for 2024/25 approved the reserve list for 2024/25 |

Corporate Finance

The Panel received various reports from the Council's Chief Financial Officer. This allowed the Panel to oversee the annual accounts process for the Council, for Common Good Funds and for the charitable trusts of which the Council is a trustee. The Panel also oversaw the Treasury Management activity through consideration of quarterly and annual update reports. Details of the 7 reports considered are set out in Table 2.

Table 2

| Report | Panel Date | Purpose | Panel Action |
|--|--------------|---|---|
| External Audit Reports – Progress to 31 March 2023 | 28 June 2023 | to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions. | <ul style="list-style-type: none"> scrutinised the progress against the Council's external audit improvement actions |
| Annual Accounts 2022/23 | 28 June 2023 | to present unaudited Annual Accounts for the year ended 31 March 2023 | <ul style="list-style-type: none"> approved the accounting policies contained in the unaudited accounts |

| Report | Panel Date | Purpose | Panel Action |
|---|--------------|---|--|
| | | | <ul style="list-style-type: none"> considered the unaudited South Ayrshire Council and unaudited charitable trust accounts prior to submission to the External Auditor |
| Treasury Management Annual Report 2022/23 | 28 June 2023 | to present, in line with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management, the annual report of treasury management activities for 2022/23 | <ul style="list-style-type: none"> considered the Annual Treasury Management Report 2022/23 remitted the Annual Treasury Management Report to the next Cabinet meeting on 22 August for approval |
| Treasury Management and Investment Strategy Quarter 1 Update Report 2023/24 | 6 Sept 2023 | to provide Members with an update on the 2023/24 treasury prudential indicators for the period April-June 2023 (Quarter 1) and provide an update on the latest wider economic position | <ul style="list-style-type: none"> scrutinised the contents of the report remitted the Quarter 1 Update Report to the next Cabinet meeting on 26 September for approval |
| Treasury Management and Investment Strategy Mid-Year Report 2023/24 | 6 Dec 2023 | to provide Members with a mid-year treasury management update for the financial year 2023/24 | <ul style="list-style-type: none"> scrutinised the contents of this report remitted the report to the Cabinet meeting of 16 January 2024 for approval |
| External Audit Reports – Progress to 31 December 2023 | 24 Jan 2024 | to provide Members with an update on the progress that the Council is making in relation to external audit improvement actions | <ul style="list-style-type: none"> scrutinised the progress against the Council's external audit improvement actions as presented in the report |
| Treasury Management and Investment Strategy Quarter 3 Update Report 2023/24 | 22 Feb 2024 | to provide Members with an update on the 2023/24 treasury prudential indicators for the period October-December 2023 (Quarter 3) and provide an update on the latest wider economic position | <ul style="list-style-type: none"> scrutinised the contents of this report remitted the Quarter 3 Update Report to the next Cabinet meeting on 12 March 2024 for approval |

External Audit

The Panel received reports from the Council's appointed external auditor, Audit Scotland.

The reports from Audit Scotland provided independent assurance and opinions *'to those charged with governance'* on the Council's annual financial statements, annual governance statements, governance arrangements, 'best value' arrangements and service performance. Details of the 4 reports considered are set out in Table 3.

Table 3

| Report | Panel Date | Purpose | Panel Action |
|--|------------------------|--|---|
| Audit Scotland: Best Value Thematic Work in South Ayrshire Council 2022/23 | 28 June 2023 | to advise the Panel of the initial findings from Audit Scotland's recent Best Value thematic work in South Ayrshire | <ul style="list-style-type: none"> considered the draft Audit Scotland report on Best Value thematic work in South Ayrshire Council 2022/23 considered the draft improvement action plan included in Appendix 1 of the Audit Scotland report provided feedback on the report and action plan and remits the draft Audit Scotland report and improvement action plan to Cabinet on 29 August 2023 for approval. |
| Final Report on the 2022/23 Audit | 27 Sept 2023 (Special) | to submit the Annual Accounts for the financial year ended 31 March 2023 and the proposed independent auditor's report to Members of the Council, and to allow the auditor to communicate the matters raised during the audit to the Panel | <ul style="list-style-type: none"> noted the Audit Scotland audit confirmation letter considered the 2022/23 Annual Audit Report by Audit Scotland, and noted that the Annual Accounts and Charitable Trust Accounts have an unmodified audit opinion noted that the attached Annex 2 included best value information that had previously been presented to Members |

| Report | Panel Date | Purpose | Panel Action |
|--|---------------|--|--|
| | | | <ul style="list-style-type: none"> • approved the Council's audited Annual Accounts for signature and their subsequent issue by 30 September 2023 • approved the Charitable Trusts' audited Annual Accounts for signature and their subsequent issue by 30 September 2023 |
| Accounts Commission Annual Report 2022/23 | 4 Oct 2023 | to advise the Panel of the Accounts Commission Annual Report 2022/23 | <ul style="list-style-type: none"> • considered the findings outlined in the Accounts Commission Annual Report 2022/23 |
| Audit Scotland: Workforce Innovation – How Councils are Responding to Workforce Challenges | 20 March 2024 | to present members with Audit Scotland's thematic report on workforce innovation in South Ayrshire | <ul style="list-style-type: none"> • scrutinised the content of Audit Scotland's thematic report on workforce innovation in South Ayrshire • noted the improvement actions identified in Appendix 1 of the Audit Scotland report • agreed that these actions be incorporated within the existing Best Value Action Plan and reported quarterly to the Audit and Governance Panel and the Best Value Working Group |
| Audit Scotland: Annual Audit Plan 2023/24 | 20 March 2024 | to provide background to the presentation by Audit Scotland of their Annual Audit Plan 2023/24 | <ul style="list-style-type: none"> • agreed the attached Annual Audit Plan 2023/24 (Appendix 1) |

Risk Management

The Panel received reports from the Chief Governance Officer in relation to risk management. This enabled the Panel to oversee the Council's risk management arrangements. Details of the 3 reports considered are set out in table 4.

Table 4

| Report | Panel Date | Purpose | Panel Action |
|-----------------------------------|---------------|--|--|
| Strategic Risk Management | 6 Sept 2023 | to update Members on the reviewed Strategic Risk Register in line with the agreed reporting framework. | <ul style="list-style-type: none"> considered the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers noted the 14 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks |
| Risk Implications - Panel Reports | 8 Nov 2023 | to update Members on a review to ascertain if the 'Risk Implications' detailed in Council/ Panel reports are being used successfully | <ul style="list-style-type: none"> considered the analysis of 'risk implications' in sample Council and Cabinet Reports since January 2023 agreed that the Head of Legal and Regulatory Services reinforces existing guidance to report authors and request that they seek any additional support, if required, from the Service Lead – Risk and Safety agreed that the Head of Legal and Regulatory Services reminds Members that ongoing scrutiny of the Risk Implications section of Panel reports will support informed decision making |
| Strategic Risk Management | 20 March 2024 | to update Members on the reviewed Strategic Risk Register in line with the agreed reporting framework | <ul style="list-style-type: none"> considered the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers noted the 14 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks |

External Regulatory Bodies or Assurance Providers

The Panel received other reports provided or published by external regulatory bodies and assurance providers, primarily Audit Scotland. These included `thematic' reports on national issues that the Chief Governance Officer and the Chief Financial Officer considered to be relevant to the Audit and Governance Panel's terms of reference and delegations, as set out in the Council's Scheme of Delegation. Details of the 5 reports considered are set out in Table 5.

Table 5

| Report | Panel Date | Purpose | Panel Action |
|--|-------------|--|--|
| Audit Scotland – Integration Joint Boards – Financial analysis 2021/22 | 31 May 2023 | to advise the Panel of the Audit Scotland report 'Integration Joint Boards – Financial Analysis 2021/22 | <ul style="list-style-type: none"> • considers the findings outlined in the Audit Scotland report 'Integration Joint Boards – Financial Analysis 2021/22 • note the position in relation to South Ayrshire Council |
| Audit Scotland – Resourcing the Benefits Service – A thematic Study | 31 May 2023 | to advise the Panel of the Audit Scotland report 'Resourcing the Benefit Service - A Thematic Study' | <ul style="list-style-type: none"> • considers the findings outlined in the Audit Scotland report 'Resourcing the Benefit Service - A Thematic Study' • note the local arrangements in place |
| Audit Scotland: Scotland's City Region and Growth Deals | 6 Sept 2023 | to provide an update on the progress of the audit recommendations for Scotland's City Region and Growth Deals, as reported in the national Audit Scotland June 2023 publication 'Scotland's City Region and Growth Deals - Progress of the 2020 audit report recommendations' and consider South Ayrshire Council's response to these audit recommendations. | <ul style="list-style-type: none"> • considered the Audit Scotland report 'Scotland's City Region and Growth Deals: Progress of the 2020 audit report recommendations' • noted the 'Learning for future challenges' on page 18 of the report • considered the actions taken by South Ayrshire Council to respond to challenges presented in delivering the Ayrshire Growth Deal |
| Audit Scotland: Fraud and Irregularity 2022/23 | 4 Oct 2023 | to advise the Panel of the Audit Scotland report 'Fraud and Irregularity 2022/23' | <ul style="list-style-type: none"> • considered the findings outlined in the Audit Scotland report 'Fraud and Irregularity 2022/23' |

| Report | Panel Date | Purpose | Panel Action |
|--|------------|--|---|
| Audit Scotland: Local Government in Scotland Overview 2023 | 4 Oct 2023 | to advise Members of the findings from the Audit Scotland: Local Government Overview Report 2023 | <ul style="list-style-type: none"> considered the findings outlined in the Audit Scotland report 'Local Government in Scotland Overview 2023 considered Supplement 2 (Questions/ Checklist for Elected Members) |

Other Governance and Scrutiny reporting

In fulfilling its wider Governance and Scrutiny role the Panel considered a number of other reports. These included 'call-in' reports from Cabinet, Best Value progress reports, the Annual Good Governance assurance report and other update reports that the Chief Governance Officer considered to be relevant to the Audit and Governance Panel's terms of reference and delegations, as set out in the Council's Scheme of Delegation. Details of the 7 reports considered are set out in Table 6.

Table 6

| Report | Panel Date | Purpose | Panel Action |
|---|--------------|---|---|
| Call in - Cabinet – 23 May 2023 | 31 May 2023 | to consider the decision take by Cabinet – 23 May 2023 Item 8 - Temporary Senior Communities Officer - Glendoune | <ul style="list-style-type: none"> decided: to uphold the decision of the Cabinet. |
| Corporate Lets | 28 June 2023 | to provide an annual update in relation to requests for discretion to be applied to let charges from 1 April 2022 to 31 March 2023. | <ul style="list-style-type: none"> reviewed the information in the report |
| Delivering Good Governance – 2022/23 Assessment | 28 June 2023 | to invite Members to review the 2022/23 year-end assessment against the Council's Delivering Good Governance Framework | <ul style="list-style-type: none"> reviewed and agreed the 2022/23 year-end assessment |

| Report | Panel Date | Purpose | Panel Action |
|--|-------------|---|---|
| Best Value Action Plan 2023 | 4 Oct 2023 | to seek approval for an expanded Best Value action plan | <ul style="list-style-type: none"> agreed the augmented action plan, noting the additional improvement activity identified through the Best Value Thematic Work in South Ayrshire Council 22/23 report considered the response to the comments made by the Audit and Governance Panel in June 2023 |
| Audit and Governance Panel – 2023 Annual Self-Assessment Outcome | 6 Dec 2023 | to confirm the outcome of the Audit and Governance Panel Self-Assessment for 2023, which was undertaken on 7 September 2023; and to seek agreement of the resulting action plan | <ul style="list-style-type: none"> noted the outcome of the 2023 self-assessment approved the action plan for improvements agrees 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 agreed thereafter to remit the report to Council in June 2024 |
| Best Value Action Plan 2023 – Progress Update | 24 Jan 2024 | to update members on the progress toward delivering the Council's Best Value Action Plan 2023 | <ul style="list-style-type: none"> scrutinised the content of the Best Value Action Plan 2023 update report considered the progress through the narrative set out within Appendix 1 to the report |
| Call in - Cabinet – 14 Feb 2024 | 22 Feb 2024 | to consider the decision take by Cabinet – 14 February 2023 Item 8 – Merlin Cinema Ltd – support Grant (Members only) | <ul style="list-style-type: none"> noted officers advised that the decision was to be rescinded |

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. [FSD Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

| | |
|---------------------------------------|--|
| Policy Title | Audit and Governance Panel – 2023/24 Annual Report |
| Lead Officer (Name/Position/Email) | Tim Baulk, Chief Financial Officer – tim.baulk@south-ayrshire.gov.uk |

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

| Community or Groups of People | Negative Impacts | Positive impacts |
|--|------------------|------------------|
| Age – men and women, girls & boys | - | - |
| Disability | - | - |
| Gender Reassignment (Trans/Transgender Identity) | - | - |
| Marriage or Civil Partnership | - | - |
| Pregnancy and Maternity | - | - |
| Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers | - | - |
| Religion or Belief (including lack of belief) | - | - |
| Sex – (issues specific to women & men or girls & boys) | - | - |

| Community or Groups of People | Negative Impacts | Positive impacts |
|---|------------------|------------------|
| Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight | - | - |
| Thematic Groups: Health, Human Rights & Children’s Rights | - | - |

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

| Socio-Economic Disadvantage | Negative Impacts | Positive impacts |
|--|------------------|------------------|
| Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing | - | - |
| Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future | - | - |
| Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies | - | - |
| Area Deprivation – where you live (rural areas), where you work (accessibility of transport) | - | - |
| Socio-economic Background – social class i.e. parent’s education, employment and income | - | - |

4. Do you have evidence or reason to believe that the policy will support the Council to:

| General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty | Level of Negative and/or Positive Impact (High, Medium or Low) |
|--|---|
| Eliminate unlawful discrimination, harassment and victimisation | Low |
| Advance equality of opportunity between people who share a protected characteristic and those who do not | Low |
| Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?) | Low |
| Increase participation of particular communities or groups in public life | Low |
| Improve the health and wellbeing of particular communities or groups | Low |
| Promote the human rights of particular communities or groups | Low |
| Tackle deprivation faced by particular communities or groups | Low |

5. Summary Assessment

| | |
|--|--------------------------------|
| Is a full Equality Impact Assessment required? (A full Equality Impact Assessment must be carried out if impacts identified as Medium and/or High) | YES NO |
| Rationale for decision: This report provides the Panel with the Audit and Governance Panel annual report for 2023/24. Members' decision on this has no specific equality implications | |
| Signed: Tim Baulk Date: 7 May 2024 | Chief Financial Officer |