

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 4 September 2024 at 10.00 a.m.

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

Present
Remotely: Councillors Chris Cullen and Mary Kilpatrick.

Apology: Councillor Kenneth Bell.

Attending in
County Hall: T. Baulk, Chief Financial Officer; W. Carlaw, Service Lead – Democratic Governance; C. McGhee, Chief Internal Auditor; K. Dalrymple, Assistant Director – Housing and Operations; T. Eltringham, Director of Health and Social Care; G. Hoey, Chief Social Work Officer; D. Love, Corporate Finance Team Co-ordinator; S. Rodger, Risk and Safety Co-ordinator, A Gibson, Committee Services Officer; and C. McCallum, Clerical Assistant.

Attending
Remotely: K. Anderson, Assistant Director – Corporate Policy, Strategy and Performance; T. Simpson, Service Lead – Corporate Accounting; and L. Duncan, Chief Finance Officer, Health and Social Care.

Opening Remarks.

The Chair

- (1) welcomed everyone to the meeting;
- (2) outlined the procedures for conducting this meeting and advised that this meeting would be broadcast live.
- (3) thanked the Clerk, Andrew Gibson, who would soon be leaving the employment of this Council, for his contribution to this Panel and others over the years.

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 27 August 2024

3. Minutes of Previous Meetings.

The Minutes of the meeting of 26 June 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).

Having heard a Member of the Panel enquire why an entry in the Work Programme "Audit Scotland: Fraud and Irregularity 2023/24 was being removed for further consideration and having heard the Chief Financial Officer, it was noted that Audit Scotland would now be publishing this information in their technical bulletins.

The Panel

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

Internal Audit

5. **Internal Audit Annual Update Report - South Ayrshire Integration Joint Board (IJB).**

There was submitted a report (issued) of 27 August 2024 by the Chief Internal Auditor providing an annual report for information on internal audit work carried out for the Integration Joint Board (IJB) by the South Ayrshire Council for the year ended 31 March 2024.

The Chair advised that, although she was a voting Member on the Integrated Joint Board, having applied the objective test, she did not consider that she had an interest to declare as the item was for noting only.

A Member of the Panel commended the work that had been undertaken and asked for comment on internal audit activity. The Chief Internal Auditor advised that they were satisfied with the arrangements currently in place. The Director of Health and Social Care further advised that the Workforce Plan had been commended by the Scottish Government and that they were positioned well to maximise the workforce.

Having heard a Member of the Panel refer to the mention of days allocated for support to the Integrated Joint Board's Performance and Audit Committee in Appendix 2 of the report, the Chief Internal Auditor advised that this related to officers attending meetings, support to officers and work relating to audit plans.

A Member of the Panel indicated that he was reassured that there were no significant issues arising from the report.

Having heard a Member of the Panel enquire as to the difference between reasonable assurances and substantial assurance, as mentioned in the report and having heard the Chief Internal Auditor, it was noted that reasonable assurances usually resulted in recommendations being made.

The Panel

Decided: to note the content of the report.

6. Internal Audit – Progress Report (Quarter 1 2024/25).

There was submitted a report (issued) of 27 August 2024 by the Chief Internal Auditor advising of progress of the 2023/24 internal audit plan, progress of the 2024/25 internal audit plan, Directorates' progress against implementation of internal audit action plans and the status of the current Quality Assurance and Improvement Action Plan.

Having heard a Member of the Panel enquire as to the current status of the Annual Review of the Social Media Access Rights, as mentioned in Appendix 4 of the report, the Chief Internal Auditor advised that, as the follow-up review had not yet taken place, there was no further information at this time.

A Member of the Panel asked as to what was MS Training, as mentioned in Appendix 4 of the report and relating to Waste Management Procedures. The Assistant Director – Housing and Operations advised that this was the IT system that was currently used.

Having heard a Member of the Panel refer to the Assignment Summary Framework Agreements and his concern that arrangements had not been followed and costs not tracked, the Assistant Director - Housing and Operations advised that all the concerns referred to in the report in this regard had now been taken on board and would be following the proper processes going forward.

Following concerns raised by a Member of the Panel relating to social media accounts and what actions were being taken to improve matters, the Chief Internal Auditor advised that she would ensure that a response on this matter would be provided to Members and that in the future, she would ensure that appropriate officers would attend these meetings, to be able to respond directly to Members.

Following discussion, it was noted that the introduction of Oracle Fusion was in a better position than previously and that the Chief Financial Officer would ensure that a Briefing Note was provided to the Panel Members in this regard. The Service Lead – Corporate Accounting provided further narrative on the position.

Having heard a Member of the Panel and the Assistant Director – Housing and Operations in response, it was noted that stock control systems, were being reviewed to identify a suitable system for the management of waste management stock.

The Panel

Decided: to note the content of this report, including the changes to the format and contents from the previous progress reports to reflect the improvement actions from the External Quality Assessment.

7. **Audit Scotland: Integration Joint Boards - Finance and Performance 2024.**

There was submitted a report (issued) of 27 August 2024 by the Chief Financial Officer presenting the findings and recommendations included in the Accounts Commission's report prepared by Audit Scotland on IJB's Finance and Performance 2024 published in July 2024.

The Chief Financial Officer, Health and Social Care provided an overview of the report.

A Member of the Panel advised of the importance of recognising the budget constraints that currently prevailed and the importance of being outcome focussed and mindful of the direction of travel.

Having heard various officers in response to a Member, it was noted that there was progress in relation to data and outcomes but that with the current budget constraints there would be difficult decisions to make in the future. It was further noted that the Integrated Joint Board reviewed data and made decisions where resources were allocated.

A Member of the Panel enquired as to constructiveness of Audit Scotland's recommendation 5 in the report, being one of a number of questions designed for IJBs to consider their financial and performance position, namely "Evaluate whether the local commissioning of care and support services, and the contracting of these services, adheres to the ethical commissioning and procurement principles, improving outcomes for people". The Director of Health and Social Care advised that this recommendation would be taken on board.

The Panel

Decided: to note

- (1) the findings and recommendations from Audit Commission's report, as detailed in Appendix 1 of the report; and
- (2) to note the actions that had taken place or would be progressed in line with the recommendations.

Other Governance Reports.

8. **Treasury Management and Investment Strategy Quarter 1 Update Report 2024/25.**

There was submitted a report (issued) of 27 August 2024 by the Chief Financial Officer providing an update on the 2024/25 treasury prudential indicators for the period April-June 2024(Quarter 1), and providing an update on the latest wider economic position.

Having heard a Member of the Panel, clarification was given as to why there was a difference between the 2024/25 original estimates and the 2024/25 updated estimates relating to Capital Receipts/Other, as there was reprofiling of the Ayrshire Growth Deal projects.

A Member of the Panel raised concern regarding the increasing borrowing costs arising from the currently approved capital investment programme. The Panel requested that, given the current financial climate, consideration should be given to scaling back the current programme to reduce future cost implications for the Council.. The Chief Financial Officer advised that it was intended that the Treasury Management Quarter 1 report was being referred on to be presented to the meeting of the Cabinet in September and that the Panels comments regarding the increasing borrowing costs would be noted for Cabinets consideration in that report.. He also stressed the difficult financial position

facing this Council going forward.

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Having scrutinised the contents of the report, the Panel

Decided:

- (1) to remit the Quarter 1 Update Report to the next Cabinet meeting on 25 September 2024 for approval; and
- (2) to note the concerns of this Panel relating to the financial spend going forward as a result of the current financial constraints.

9. Strategic Risk Management.

There was submitted a report (issued) of 27 August 2024 by Chief Governance Officer providing an update on the reviewed Strategic Risk Register, as detailed in Appendix 1 of the report, in line with the agreed reporting framework.

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

Decided: to note the 15 key risks and to endorse the work currently being undertaken or proposed by risk owners to mitigate these risks.

The meeting ended at 11.20 a.m.