

Agenda Item No. 3**AUDIT AND GOVERNANCE PANEL.**

Minutes of meeting in County Buildings, Wellington Square, Ayr and remote on 2 December 2020 at 10.00 a.m.

Present: Councillor Martin Dowe (Chair).

Present Councillors Douglas Campbell, Chris Cullen, Hugh Hunter, Lee Lyons,
Remotely: Helen Moonie and Arthur Spurling.

Apology: Councillor Alec Clark.

Attending: T. Baulk, Head of Finance and ICT; J. McClure, Committee Services Lead Officer; and D. Mulgrew, Committee Services Assistant.

Attending M. Newall, Assistant Director – People; W. Carlaw, Service Lead – Democratic
Remotely: Governance, J. Dunne, Service Lead - HR Policy and Operations; L. Miller, Chief Internal Auditor; and D. Urquhart, Senior Investigations Officer.

1. Opening Remarks.

The Chair took the sederunt and confirmed that today's meeting was not open to the press and public, which was permissible under the COVID-19 legislation. He also confirmed to Members the procedures to conduct this meeting.

2. Declarations of Interest.

There were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

3. Call-ins from Leadership Panel.

The Panel noted that there were no call-ins from the Leadership Panel of 24 November 2020.

4. Minutes of Previous Meeting.

The [Minutes](#) of the meeting of 4 November 2020 (issued) were submitted and approved subject to the condition that all future minutes should be gender neutral to prevent the identification of which Member had commented.

5. Action Log and Work Programme.

There was submitted an update of the [Action Log and Work Programme](#) for this Panel (issued).

The Head of Finance and ICT provided the Panel with an update on the status of the Action Log and Work Programme.

Following a question on Item 6 of the Work Programme entitled “Best Value Submission” on why a report was not being submitted to this Panel, the Assistant Director – People advised that the decision not to submit the report to this Panel had been taken by the Leader and Depute Leader at the meeting of the Best Value Working Group as work was still being undertaken on this matter; and that a report would be submitted to the Service and Performance Panel in due course.

The Panel

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

Internal Audit Reports

6. Corporate Fraud Team – Activity Report.

There was submitted a [report](#) (issued) of 26 November 2020 by the Chief Internal Auditor advising of the Corporate Fraud Team’s (CFT) activity from 1 April to 30 September 2020.

Following a question from a Member on fraud associated with Covid-19 business grants, the Senior Investigations Officer advised that the thirty six referrals to the CFT were a combination of clear fraudulent attempts to obtain a business grant and those who had mistakenly thought they were entitled to apply for the grant. For those cases where a person had attempted to fraudulently claim a business grant by applying in a business owner’s name but supplying a false email address and bank details, this had been referred to Police Scotland for further investigation and action. The Head of Finance and ICT further advised that the system had worked very well as there had been over 1800 business grants paid with only thirty six referrals to the CFT; and that the majority of potential fraud had been prevented.

Following a further question on Council Tax (Reduction, Exemptions and Discounts, Arrears) which had twenty five referrals to the CFT with sixteen of these currently being investigated, the Senior Investigations Officer advised that the savings identified of £1,394,61 would be the result of several case outcomes as this was not broken down within the report on a case by case basis.

A Member raised a question regarding Housing Tenant Debt Locate and Trace Checks having thirty four referrals to the CFT with thirteen of these being part of a current live investigation but no savings had been identified within the report; and the Senior Investigations Officer advised that the Housing Section had not been pursuing Housing debt over a six month period during the pandemic, however, the thirteen live cases were now being investigated.

The Panel, having scrutinised the report

Decided: to note the contents of the report.

Other Governance Reports

7. Audit Scotland : Equal Pay in Councils – Impact Report.

There was submitted a [report](#) (issued) of 26 November 2020 by the Head of HR, Legal and Regulatory Services advising of the Audit Scotland report “Equal Pay in Councils – Impact Report”.

A Member asked how the payments from this authority had been made to staff as the report outlined a variation in the settlements throughout Scottish authorities and the Service Lead – HR Policy and Operations advised that the settlements had gone back fifteen years when compromise agreements were not pensionable so these payments which had been compromise agreements had no effect on the pension of those who had received payments.

Following a question on whether there had been a detriment to those people who had received a payment as their payment had not been pensionable and whether there could be any future claims, the Head of Finance and ICT advised that, as there was no effect on payees’ pensions, there was no detriment to them; and that any future equal pay claims would include pension claims, however, it was not expected there would be any further claims. The Service Lead – HR and Policy Operations further advised that when claims had been submitted, regulations had excluded pension contributions from being paid and that this had now been amended through case law, however, this was not retrospective.

A Member enquired as to the impact of the living wage being increased as, for example, some cleaners would be paid the same as their supervisors and whether this would lead to future equal pay claims and the Service Lead – HR and Policy Operations advised that a national agreement was in place and that a differential had to remain in place; and that this could be challenged in future, however, he was confident the challenge could be defended.

Following a further question on the pay structure, the Service Lead – HR and Policy Operations advised that a decision had been taken to implement the new pay structure by 1 April 2021 and that the Quality Impact Assessment had been implemented and would be submitted to Panel early in 2021.

Having heard a Member enquire to which job level the differential would require to be amended, the Service Lead – HR and Policy Operations advised that, at present, this applied to level 3 and below and that, if the living wage continued to increase at the same rate as pay grades, this would remain stable, however, should the living wage increase at a greater rate, further discussions would require to take place.

The Panel, having considered the content of the Audit Scotland report, attached as Annex 1 to the report, including the recommendations

Decided: to note the contents of the report.

8. Treasury Management Mid-Year Report 2020/21.

There was submitted a [report](#) (issued) of 26 November 2020 by the Head of Finance and ICT providing a mid-year Treasury Management update for the financial year 2020/21.

The Panel, having scrutinised the report,

Decided: to remit this report to the Leadership Panel for approval at its meeting of 19 January 2021.

The meeting ended at 10.35 a.m.

DRAFT