

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 22 June 2022 at 10.00 a.m.

Present in Councillors Peter Henderson (Chair), Chris Cullen, Brian McGinley,
County Hall: Cameron Ramsay and Gavin Scott.

Present

Remotely: Councillors Kenneth Bell, Mary Kilpatrick and George Weir.

Attending in E. Howat, Chief Executive; T. Baulk, Head of Finance, and ICT; W. Carlaw,
County Hall: Service Lead – Democratic Governance; C. McGhee, Chief Internal Auditor;
D. Love, Corporate Accounting Co-ordinator; J. McClure, Committee Services
Lead Officer; C. Buchanan, Committee Services Officer, and C. McCallum,
Committee Services Assistant.

Attending L. Kerr, Co-ordinator (Destination, Promotion and Inclusive Participation); and
Remotely: D. Urquhart, Senior Investigations Officer.

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 that there were no declarations of interest by Members of the Panel 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 14 June 2022.

3. 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 and advised that there were no outstanding Action Log matters.

A Panel Member enquired whether, due to the extensive Work Programme and the staff vacancies within Internal Audit, the Chief Internal Auditor had adequate resources to deliver the reports within the Work Programme; and the Chief Internal Auditor advised that she was currently recruiting and that she was confident that the work outlined in the Work Programme would be completed. The Head of Finance and ICT further advised that there were also External Audit reports and reports on various other matters on the Work Programme.

The Panel

Decided:

- (1) to note the current status of the Action Log and Work Programme; and
- (2) to agree to keep under review the status of the Work Programme on an ongoing basis to monitor the demands placed on Internal Audit.

External Audit Reports

4. Audit Scotland: Local Government in Scotland – Financial Overview 2020/21

There was submitted a [report](#) (issued) of 8 June 2022 by the Head of Finance and ICT advising Members of the findings from the Audit Scotland report 'Local Government in Scotland – Financial Overview 2020/21'.

Panel Members raised concerns regarding the reduction in Local Government budgets over the last ten years, the reduction in the flexibility of budgets due to ring fencing and the additional pressure on local authorities due to the cost of living crisis, however, stated that the monies received from Westminster Government and Scottish Government to manage Covid had been appropriate, welcomed and utilised appropriately.

The Panel, having considered the findings outlined in the Audit Scotland report 'Local Government in Scotland – Financial Overview 2020/21', (attached as Appendix 1 to the report,

Decided: to note the report.

5. External Audit Reports – Progress to 31 March 2022

There was submitted a [report](#) (issued) of 8 June 2022 by the Head of Finance and ICT providing Members with an update on the progress that the Council was making in relation to external audit improvement actions.

The Head of Finance and ICT advised that the table in section 4 of the report highlighted that, since the last update in February 2022, the final action had now been completed and that there were no further actions in relation to previous External Audit reports in terms of financial statements; and that, in terms of actions relating to the October 2021 Best Value Assurance Report, a separate update report would be presented to this Panel in September 2022.

Having heard a Panel Member request more information on the issue which had now been addressed, the Head of Finance and ICT advised that this related to transparency at meetings which had been ongoing for some months until webcasting was introduced and that due to supply chain issues relating to the receipt of microphones the action remained outstanding at the time of the February report. The equipment had subsequently been received and was now fully operational therefore the final audit action was complete.

The Panel, having scrutinised the progress against the Council's external audit improvement actions as presented in this report,

Decided: to note the report.

Internal Audit Reports

6. Corporate Fraud Team – Activity Report 6 months to 31 March 2022

There was submitted a [report](#) (issued) of 8 June 2022 by the Chief Internal Auditor advising Members of the Corporate Fraud Team's (CFT) activity from 1 October 2021 to 31 March 2022.

The Senior Investigations Officer provided the Panel with an overview of the report and advised that the report also included details of the Council's response to the National Fraud Initiative (NFI) exercise across the UK public sector which aimed to prevent and detect fraud.

Questions were raised by Panel Members in relation to:-

- (1) whether checks were carried out regarding overseas registered companies and the risk of money laundering; and the Head of Finance and ICT advised that the Council's Procurement Service had appropriate controls in place in terms of the procurement of goods and services and that any external organisation would go through the normal checks; and that officers in the Treasury Management Section had processes in place to reduce risks around money laundering;
- (2) the Blue Badge misuse referrals and where these referrals stemmed from; and the Chief Internal Auditor advised that some referrals were from NFI investigations and were then reported back to the Audit service who reviewed these, however, often this was not misuse but was a badge which had been cancelled and records not yet updated to confirm this; and the Senior Investigations Officer further advised that a number of complaints were received by members of the public through the Council's online reporting mechanism, however, often the complaint was in relation to whether the holder of the badge actually qualified for the badge which was a matter for the Department of Works and Pension; and
- (3) the employee investigation; and the Senior Investigations Officer advised that this was a case of cash being removed.

Comments were made by Panel Members in relation to:-

- (a) housing tenancies and the requirement for those people no longer requiring a tenancy to surrender it as soon as possible to allow someone else to be given this tenancy and to ensure that tenants were aware that sub-letting was not permitted;

- (b) Blue Badge misuse and that Blue Badge owners should familiarise themselves with the rules in relation to the use of these Badges; and
- (c) the high monetary amount of the NFI Future Financial Saving Estimates for Blue Badges; and the Chief Internal Auditor advised that this was £595 per Blue Badge, however, a saving of that amount per badge would not be realised,

The Panel, having scrutinised the contents of the report and having commended the Corporate Fraud Team for their work on this report,

Decided: to note the report.

7. Internal Audit Annual Report 2021/22

There was submitted a [report](#) (issued) of 8 June 2022 by the Chief Internal Auditor presenting the annual report on the internal audit activity during 2021/22, and providing an independent opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems for the year ended 31 March 2022.

The Chief Internal Auditor gave an overview of the report and advised that Internal Audit could provide reasonable assurance over the framework of governance, risk management and control and that adequate controls were in place and were operating throughout the Council in 2021/22.

Questions were raised by Panel Members in relation to:-

- (1) the non-assurance of the controls around fuel systems; and the Chief Internal Auditor advised that the audit had been completed by Audit Glasgow on behalf of this Council who had found control gaps in relation to the security of fuel keys and cards of the vehicles; that procedures had not covered all areas; and that an investigation had previously been carried out and some recommendations from that investigation had not been implemented. She further outlined this this was, however, being discussed with the service area so there were no final conclusions as yet, however, this would be reported back to Panel; and the Member thanked the Chief Internal Auditor for her explanation, however, outlined that all systems should be robust and that the Panel would expect systems to be put in place and monitored;
- (2) staffing issues as highlighted in the report, whether this was a recruitment issue or retention issue and whether there was a recruitment strategy in place prioritising key posts; and the Chief Internal Auditor advised that this was a resource issue as there had been a number of changes in staff and a gap between the previous Chief Internal Auditor leaving the post and her taking up post and that there was currently a Senior Auditor vacancy, however, she was examining potentially filling the post with an Auditor with a view to developing one of the Auditors to become a Senior Auditor, therefore looking at other ways to fill the gap. The Chief Executive further advised that this was a common issue throughout all Councils where it was difficult to recruit and that she had been exploring the use of recruitment agencies and examining different options in terms of recruitment and that, while it had been hoped that the different working practices including working from home would have assisted in recruiting, this was not the case, however, she would continue to examine this issue and this would be picked up as part of the Workforce Planning Strategy;
- (3) why the actual days for an Audit was less than the planned days in some cases; and the Chief Internal Auditor advised that this was due to a delay in starting some audits as some did not commence until after the year end; that Internal Audit

continually reviewed an audit as they were carrying it out, therefore an audit may require less time than anticipated; and

- (4) an example of indirect audit time; and the Chief Internal Auditor advised that this included managing absence, recruitment campaigns and the development of new staff members.

The Panel, having scrutinised the contents of the report,

Decided: to note the report.

8. **Proposed Internal Audit Plan 2022/23**

There was submitted a [report](#) (issued) of 8 June 2022 by the Chief Internal Auditor seeking approval of the proposed Internal Audit Plan and reserve list for 2022/23.

The Chief Internal Auditor gave an overview of the report and advised that this report was generally submitted to Panel in March of each year, however, due to resource issues and the Local Government Election, the first quarter plan had been submitted to the March Panel and was subsequently approved (as outlined in Appendix 1 to the report); Appendix 2 was the Proposed Reserve List 2022/23 which allowed for more flexibility depending on resources available throughout the year; and Appendix 3 outlined the links between Strategic Risk Register (November 2021) and 2022/23 Internal Audit Plan.

Questions were raised by Panel Members in relation to:-

- (1) whether there was enough flexibility in the Plan to allow all works in the Plan to be carried out; and the Chief Internal Auditor advised that the Plan was based on the resources available and that she had allowed a prudent six month period for the new Senior Auditor to be in post and that, once this post was filled, she believed that all works in the Plan could be completed;
- (2) whether Workforce Planning on the Reserve List could be examined as a matter of priority; and the Chief Internal Auditor advised that timing was key for the consideration of this matter and that the service required to be given enough time to implement a new process before it could be reviewed but Internal Audit was always available to offer guidance and support to services when considering Workforce Planning and that, should it become high priority, it could be considered earlier; and
- (3) item (6) "Public and Employee Protection" and item (8) "Ground Maintenance – Ash Tree Die Back" there was no reference against these items; and the Chief Internal Auditor advised that these were areas not currently covered in the Plan due to limited resources within Internal Audit as staff time had been allocated to higher risk areas.

A comment was made by a Panel Member in relation to the recruitment of staff and the need to streamline procedures to accelerate the process of recruiting staff and having them in post; and the Chief Executive advised that she would discuss this with the relevant Head of Service.

The Panel

Decided: to approve

- (a) the annual audit plan for 2022/23, attached as Appendix 1 to the report; and
- (b) the reserve list for 2022/23, attached as Appendix 2 to the report.

Other Governance Reports

9. Audit Report

There was submitted a [report](#) (issued) of 8 June 2022 by the Chief Executive updating the Panel on progress towards addressing the recommendations of the fact finding audit undertaken by Audit Glasgow (the Internal Audit team from Glasgow City Council).

The Chief Executive gave an overview of the report and advised that this Panel had considered a report at its meeting on 23 February 2022 following the fact finding audit by Glasgow City Council and that good progress was being made undertaking the actions from this audit with most actions identified now completed.

Questions were raised by Panel Members in relation to:-

- (1) the timescales for the outstanding actions; and the Chief Executive outlined those actions which had been completed and the date of completion and advised that the outstanding actions had been significantly progressed and were on schedule; and
- (2) which Panel would consider the report on the review of the evaluations applied in terms of other land processes; and the Chief Executive advised that the report would be submitted to this Panel to close off the actions from the audit.

Comments were made by Panel Members in relation to

- (a) the audit highlighting some issues within this Council's processes and that it was important that these were addressed going forward; and
- (b) the report being welcomed as the actions provided that a checklist be utilised of which officer carried out which duty and at which stage of the process which was helpful for Internal Audit.

The Panel, having scrutinised the contents of the report,

Decided: to note the report.

10. Delivering Good Governance – 2021/22 Assessment

There was submitted a [report](#) (issued) of 8 June 2022 by the Head of Legal, HR and Regulatory Services inviting Panel Members to review the 2021/22 year-end assessment against the Council's Delivering Good Governance Framework.

The Service Lead – Democratic Governance provided background to this report and advised that the Assessment was to ensure that the Council's governance arrangements were up-to-date and relevant and complied with the principles as outlined in Appendix 1 to the report.

Comments were made by Panel Members in relation :

- (1) this being a very comprehensive framework with good guidance on how the Council was progressing, however the framework referred to services and not a named officer when it would be prudent to name the officers responsible which would also highlight that some matters required addressing by more than one service; and
- (2) a training programme being required for Elected Members and Officers in relation to equalities to develop understanding as this was a matter that was ever growing and ever expanding; and the Chief Executive outlined that she would investigate if this Panel was the appropriate mechanism to consider this matter and would establish a way forward for dealing with equalities; and advised that training for Elected Members on this subject was scheduled for the following week which she encouraged Members to attend as this was a very important matter.

The Panel, having reviewed the report,

Decided:

- (a) to agree the 2021/22 year-end assessment as set out in Appendix 1 to the report; and
- (b) to request that the Chief Executive submit a proposal to the appropriate Panel for the way forward when dealing with equalities matters.

11. Corporate Lets

There was submitted a [report](#) (issued) of 8 June 2022 by the Assistant Director – People providing an annual update in relation to requests for discretion to be applied to let charges from 1 April 2021 to 31 March 2022.

The Co-ordinator (Destination, Promotion and Inclusive Participation) gave an overview of the report and provided details of the numbers of discretion requests received and the numbers approved.

Questions were raised by Panel Members in relation to:-

- (1) the booking system; and the Co-ordinator advised that the Leisure booking system which had been implemented for leisure facilities was now also being utilised for lets;
- (2) whether it was anticipated that the number of lets would now increase and in turn the number of discretion applications increase following the pandemic; and the Co-ordinator advised that there had been a reduction in discretion requests due to groups recovering from Covid and that, with numbers attending groups now rising and therefore, the income of groups rising, it was anticipated that the number of discretion applications would continue to decrease;
- (3) how groups applied for discretion; and the Co-ordinator advised that a form was issued to applicants on applying for a let and officers then considered if the group met the criteria for discretion; and
- (4) the criteria for being awarded discretion; and the Co-ordinator advised that she would circulate the assessment criteria and application form to all Members.

Comments were made by Panel Members in relation to:-

- (a) the report being welcomed as it created transparency by outlining the numbers of discretion requests approved, leaving this open to scrutiny; and
- (b) it being preferable to receive reports on a six monthly basis rather than annually.

Having discussed the frequency of reports required, the Panel agreed to monitor the number of applications and, if required, request that a further report be submitted to Panel.

The Panel, having thanked the officers concerned for their work on this matter and having reviewed the information in the report,

Decided: to note the report.

12. **Treasury Management Annual Report 2021/22**

There was submitted a [report](#) (issued) of 8 June 2022 by the Head of Finance and ICT presenting, 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 2021/22, attached as Appendix 1 to the report; and seeking Members' consideration of its contents.

A question was raised by a Panel Member in relation to interest rates and inflation impacting the Council over the next year and how did the Council accommodate these two major influences; and the Head of Finance and ICT advised that a Treasury Management strategy was submitted to Council annually for approval, setting out specifics of what the Council would undertake in the coming year; and that his officers monitored interest rates daily and sought advice from the Council's advisors to gain their expertise in the financial markets.

Comments were made by Panel Members in relation to:-

- (1) the interesting information within the report affecting not only the Council but also people's lives and that Members were pleased to note that the Council's finances were in a stable position; and
- (2) the Council's exemplary record in Treasury Management over the last few years and that the Panel would monitor this as the Treasury Management strategy had an effect on all Council services.

The Chief Executive outlined that Members should take a particular interest in this important area and that a training session undertaken by Treasury Management Consultants would be taking place following recess on this matter.

The Panel, having commended the Head of Finance and ICT and his Officers for their work on this report and having considered the Annual Treasury Management Report 2021/22, attached as Appendix 1,

Decided: to remit the Annual Treasury Management Report to the next meeting of the Cabinet on 23 August 2022 for approval.

The meeting ended at 11.30 a.m.