south
AYRSHIRE
C O U N C I L
Comhairle Siorrachd Àir a Deas

30 August 2022

To: Councillors Henderson (Chair), Bell, Cullen, Kilpatrick, McGinley, Ramsay, Scott 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 7 September 2022 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held 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
Head of Legal, HR and Regulatory Services

B U S I N E S S

1.   Declarations of Interest.

2.   Call-ins from Cabinet.

3.   Minutes of previous meetings of:

    (a)   22 June 2022; and

    (b)   28 June 2022 (Special)

    (copies herewith).

4.   Action Log and Work Programme (copy herewith).

5./

External Audit Reports

5.   Best Value Action Plan 2021-22 – Update – submit report by Assistant Director – People (copy herewith).

Internal Audit Reports

6.   Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2021/22 (ii) Progress of Annual Internal Audit Plan 2022/23 (iii) Implementation of Internal Audit Action Plans – submit report by Chief Internal Auditor (copy herewith).

Other Governance Reports

7.   Internal Audit Annual Update Report - Integration Joint Board (IJB) Performance and Audit Committee (PAC) – Submit report by Chief Internal Audit (copy herewith).

8.   Strategic Risk Management -submit report by Head of Legal, HR and Regulatory Services (copy herewith).

9.   Equalities – Submit report by Chief Executive (copy herewith).

For more information on any of the items on this agenda, please telephone Janice McClure, Committee Services on 01292 612169, Wellington Square, Ayr or e-mail: committeeservices@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

/ Webcasting

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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 became 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.

AUDIT AND GOVERNANCE PANEL (SPECIAL)

Minutes of a hybrid webcast meeting on 28 June 2022 at 2.00 p.m.

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

Present
Remotely: Councillors Kenneth Bell, Chris Cullen, Brian McGinley and George Weir.

Apology: Councillor Mary Kilpatrick.

Attending   E. Howat, Chief Executive; T. Baulk, Head of Finance, and ICT; W. Carlaw,
in County   Service Lead – Democratic Governance; T. Simpson, Service Lead - Corporate
Hall :   Accounting; J. McClure, Committee Services Lead Officer; A. Gibson, Committee
            Services Officer, and C. McCallum, Committee Services Assistant.

Attending   C. McGhee, Chief Internal Auditor; L. Duncan, Chief Finance Officer, Health and
Remotely: Social Care Partnership; and K. Watt, Deloitte LLP.

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.   **Annual Accounts 2021/22**

There was submitted a **report** (issued) of 21 June 2022 by the Head of Finance and
ICT presenting the unaudited Annual Accounts for the year ended 31 March 2022 ('the
unaudited Accounts').

The Service Lead – Corporate Accounting outlined the main points of the report, in
particular the Management Commentary which narrated the Council's financial
performance and elements of its operational performance throughout the year. He
further referred to a typographical error on page 25 within the Governance Statement
where two sentences had been repeated from last year's document, however, he
advised that this would be amended in the audited version of the document.

The Chair commented that, although the Accounts indicated that the Council was in a sound financial position, one omission which failed to highlight the efforts of all staff during this financial year was when the explosion at Kincaidston had occurred, a disaster which had required a vast amount of time, money and staff resources; and that this should be taken cognisance of when reading these Accounts and also mentioned within the Acccounts so that those unaware of this disaster understood the difficulties Council employees had worked under.

Following a question from a Panel Member regarding the pie charts on Page 9 of Appendix 1 on "Actual net service expenditure as a percentage of budget", the Service Lead – Corporate Accounting clarified that the percentage spent in 2021/22 was indeed higher than that spent in 2020/21 and that the lesser % spend against budget referred to pre-Covid years; and that he would ensure this was clarified in the final report.

The Panel, having thanked the Service Lead – Corporate Accounting and his staff for their work on these Accounts under difficult circumstances,

Decided:

(1)   to approve the accounting policies (contained in Appendix 1 to the report) used in preparing the 2021/22 Annual Accounts;

(2)   having considered the unaudited Annual Accounts (attached as Appendix 1 to the report), noted that all figures remained subject to audit;

(3)   having considered the unaudited Charitable Trust Accounts (attached as Appendix 2 to the report), noted that all figures remained subject to audit; and

(4)   requested the Head of Finance and ICT to report back to the Panel following completion of the audit.

5.   **External Audit – Audit Dimensions and Best Value Report 2021/22**

There was submitted a **report** (issued) of 21 June 2022 by the Head of Finance and ICT presenting the proposed independent auditor's Audit Dimensions and Best Value Audit report to Members, and to allow the auditor to communicate the matters raised during the audit to the Panel.

The Head of Finance and ICT advised that Deloitte LLP were providing two separate reports within its audit of the Council's 2021/22 financial statements with the Audit Dimensions and Best Value audit report being before this Panel for consideration; and the final 2021/22 audit report covering the audit of the financial statements being presented to this Panel at its meeting in November 2022.

K. Watt, Deloitte LLP outlined the key messages within the report; highlighted the positive developments and progress made by the Council; made reference to the challenges experienced due to staff resource changes and vacancies; and highlighted those areas the Council required to prioritise.

A question was raised by a Panel Member on whether the indications in the action plan gave Deloitte LLP reassurance that significant effort was being made to deliver their recommendations stated; and K. Watt advised that a lot of work had taken place over the past six months and that commitment to change had been demonstrated

Following a comment by a Panel Member that the action plan should be more tightly monitored, the Chair outlined that it was the function of this Panel to maintain scrutiny and monitor progress; and K. Watt further advised that management was progressing the recommendations made by Deloitte, however, it was the role of this Panel to monitor that and to ensure that targets were being met.

The Panel thanked Deloitte LLP for the thorough work carried out on this positive report which gave good direction to the Council and, having considered the 2021/22 Audit Dimensions and Best Value Audit Report by Deloitte LLP, attached as Annex 1 to the report

Decided: to note that there were no new actions contained in the Appendices to the Deloitte LLP Interim Audit Report (Annex 1).

The meeting ended at 10.35 a.m.

Audit and Governance Panel

Action Log

No	Date of Meeting	Issue	Actions	Assigned/ Re-assigned to	Update	Completed
1	22/06/22	**Corporate Lets**	Corporate Lets Application Form and Note of Criteria for being awarded discretion to be issued to all Members	Co-ordinator (Destination, Promotion and Inclusive Participation)	In progress	

Audit and Governance Panel

Work Programme 2022/23

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
1.	**Internal Audit - Progress Report (i) Progress of Annual Internal Audit Plan 2022/23 (ii) Implementation of Internal Audit Action Plans**	Report to Panel	Chief Internal Auditor	Quarterly reports throughout the year (Jan, May, Sept, Nov)	Report to this Panel
2.	**External Audit Progress Reports**	Report to Panel	Head of Finance and ICT	Regular reports throughout the year	Next report due December 2022
3.	**Corporate Fraud Team Activity Report**	Report to Panel	Chief Internal Auditor	Six monthly (May and Dec)	Next report due December 2022
4.	**Strategic Risk Report**	Report to Panel	Head of Legal, HR and Regulatory Services	Six monthly	Report to this Panel
5.	**Best Value Assurance Report - Quarterly Updates on Progress against the Action Plan**	Report to Panel	Assistant Director – People	Quarterly reports throughout the year	Report to this Panel
6.	**Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)**	Report to Panel	Chief Internal Auditor	7 September 2022	Report to this Panel
7.	**Equalities**	Report to Panel	Chief Executive	7 September 2022	Report to this Panel
8.	**Audit Scotland: Local Government in Scotland Overview 2022**	Report to Panel	Assistant Director - People	5 October 2022	Deferred from September AGP

Audit and Governance Panel

No	Issue	Actions	Assigned To	Due Date To Panel	Latest update
9.	**Accounts Commission Annual Report 2021/22**	Report to Panel	Head of Finance and ICT	5 October 2022	
10.	**Audit Scotland: Scotland's Financial Response to Covid-19**	Report to Panel	Head of Finance and ICT	5 October 2022	
11.	**Final Report on the 2021/22 Audit**	Report to Panel	Head of Finance and ICT	9 November 2022	
12.	**Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter**	Report to Panel	Chief Internal Auditor	22 March 2023	

South Ayrshire Council

**Report by Assistant Director - People
to Audit and Governance Panel
of 7 September 2022**

Subject: Best Value Action Plan 2021-22 – Update

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1.   Purpose

1.1   The purpose of this report is to advise members of the progress made in delivering the actions identified in the Best Value Assurance Report - Action Plan 2021-22.

2.   Recommendation

2.1   **It is recommended that the Panel:**

   2.1.1   scrutinises the content of the Best Value Action Plan 2021-22 update report; and

   2.1.2   considers the progress through the narrative set out within Appendix 1.

3.   Background

3.1   The Local Government in Scotland Act 2003 places statutory duties on Councils in relation to Best Value. The audit of Best Value is a continuous process that forms part of the annual audit of every Council. Findings are reported each year through the Annual Audit Report.

3.2   In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each Council. Audit Scotland published the Council's Best Value Assurance Report published in October 2021.

3.3   In response to the recommendations in the report, an action plan was developed by officers and agreed by Council in December 2021. Members agreed that progress on the action plan should be reported to the Audit and Governance Panel quarterly. This is the first report since the plan was agreed.

4.   Proposals

4.1   It is proposed that members of the Audit and Governance Panel scrutinise the attached report (Appendix 1) and offer feedback to officers.

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 may impact on the reputation of the Council.

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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

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.

Background Papers   [Audit Scotland - Best Value Assurance Report - published on 27 October 2021](#)

[Best Value Assurance Report - Action Plan 2021-22](#)

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Date: **26 August 2022**

Best Value Assurance Report - Action Plan 2021-22   Appendix 1

Recommendation 1 The Council should confirm that it has the capacity and skills required to increase its pace of improvement in key aspects of Best Value, such as community empowerment, financial and workforce planning and transformation Where appropriate external support should be sought from other Councils, or the Improvement Service, to help with focussing its areas of improvement. (paragraph 119)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Secure additional funding to add temporary resources to key areas of Best Value	Eileen Howat	20%	31-Dec-2022	31-Dec-2022	Report to Council on 29 June 2022 agreed that CEO should meet with members of Chief Officers' Appointments and Appraisal Panel to discuss structural changes including addressing comments made in BVAR report. Report on proposals scheduled for end August
Engage the Improvement Service on aspects of Best Value	Eileen Howat	10%	31-Dec-2022	31-Dec-2022	Further discussion with IS scheduled for end August to agree the support to be provided. Initial focus on strategic planning - how best to carry out, respective roles of members and officers and decision making linked to key strategic plans

Recommendation 2 The Council prepare both medium and long-term financial plans. The plans should consider changes to both income and expenditure, identify both budget gaps and set out the actions necessary to address those gaps. There should also be a clear linkage to Council priorities (paragraph 62)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Develop a Long-Term Financial Outlook (LTFO) that draws together all known factors which affect the Council's financial position and its financial sustainability over the longer term (i.e., a ten-year period). The LTFO will be refreshed bi-annually	Tim Baulk	100%	31-Dec-2022	31-Dec-2022	The Long Term Financial Outlook (LTFO) and Medium Term Financial Plan (MTFP) was considered and approved by Leadership Panel in 2021.
Develop a Medium-Term Financial Plan (MTFP) that provides a clear understanding of the anticipated resources available to the Council in the short and medium term (i.e. three years) in order to deliver its	Tim Baulk	100%	31-Dec-2022	31-Dec-2022	Plan developed and approved

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
priorities and objectives. The MTFP will be updated annually					
Ensure clear and continued linkage between the LTFO and MTFP with other key strategic documents, including the Council Plan, Workforce Plan, Long Term Financial Linkage evidenced in future strategic developments. Executive Leadership Team (ELT) and Corporate Leadership Team (CLT) Ongoing and aligned to Council Plan and Workforce Plan Strategy and Treasury Management Strategy	Corporate Leadership Team; Executive Leadership Team	10%	31-Dec-2022	31-Dec-2022	Discussions are ongoing with new Administration to take these actions forward
Develop a public-facing communication plan to publicise and explain the significant financial challenges facing the Council for the foreseeable future	Executive Leadership Team	15%	31-Mar-2022	31-Mar-2023	A communications plan was developed and implemented (videos, social media etc) as part of the public engagement process in December 21 to February 22 for the 2022-23 budget setting process. A further communications plan will be developed at the appropriate time linked to the new Council Plan and future financial outlook.
Develop a clear understanding of public needs, preferences, and priorities through a robust and recurring engagement process, aligned with the local government electoral cycle	Corporate Leadership Team; Executive Leadership Team; South Ayrshire Council Elected Members	0%	31-Dec-2022	31-Dec-2022	An engagement strategy will be developed and delivered through Thriving Communities teams at the appropriate time.
Develop processes to support Elected Members in setting clear, prioritised objectives based on the Council Plan and the projected needs of the public, including service redesign, reduction, and cessation where appropriate	Corporate Leadership Team; Executive Leadership Team	10%	31-Dec-2022	31-Dec-2022	Discussions are ongoing with new Administration to take these actions forward
Engage with external partners (e.g. Improvement Service) to ensure that the design and delivery of community engagement improvement actions are effective and reflects best practice	Jane Bradley	100%	31-Mar-2022	31-Mar-2022	Thriving Communities are liaising with the HSP, 3RD Sector and other CPP partners to improve community engagement across CPP. It is proposed that the existing CPP Communities Reference Group is refreshed and called Community Engagement Coordination Group. (Proposal Attached). Internally improvements have already taken place, this includes the established consultation officer's group, engagement with Community Councils and the roll out of Place Standards toolkit. Initial meetings have taken place with the

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
					Improvement Service and a presentation was delivered by them to Senior Management. Early engagement has commenced in relation to best practice engagement activity.

Recommendation 3 The Council should improve and embed workforce planning, so that service workforce plans are developed consistently across the Council. The plans should include clear links to the Council's priorities and to its strategic change programme. (paragraph 77)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Convene a Corporate Working Group to develop a workforce plan for 2022-25 that links to the Council's strategic priorities and improvement areas in relation to Best Value	Eileen Howat	100%	31-Dec-2021	31-Dec-2021	Complete, a workforce planning group has been convened.
Workforce Plan Implementation	Eileen Howat	95%	31-Mar-2022	31-Mar-2022	Plans still awaited from a few services - support being provided to ensure plans completed by end June. In addition, a workforce planning implementation group has now been established to be led by an Assistant Director with representation from HR and Employee Services, Organisational Development, Strategic Planning, Thriving Communities, Finance and with other representation from Directorates as required. The Trade Unions will also be represented. This group will now analyse and summarise the key themes from the returned workforce templates with support from the Improvement Service. A benchmarking exercise with other authorities will also take place to identify best practice. Officers are also in discussions with the Local Government Association who have also been supporting Councils with workforce planning, around facilitating a session with CLT to determine the key strategic workforce themes that will drive the next three year plan. Officers are currently working on workforce demographic data and will agree any corporate actions which need to be taken as a result of themes, issues, or data emerging from these activities which will form part of the corporate action plan/ workforce plan. Future action plans will be developed to refresh and redesign

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
					the toolkits used to incorporate elements of the newly published IS toolkit and streamline the process to capture data and trends.

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
Update Leadership Panel on the development and delivery of the South Ayrshire Way Strategic Change Programme	Stuart MacMillan	100%	31-Dec-2022	31-Dec-2022	To date, the following updates have been provided: • Leadership Panel - 15 February • Service and Improvement Panel - 29 March • Cabinet - 14 June An update will also go to the Service Improvement Panel in October.
Development of a Communications Strategy including the roll out of key messages to staff, stakeholders, partners and the public on the launch of the Change Programme; key themes and outputs and the benefits that will be achieved	Stuart MacMillan	100%	31-Mar-2022	31-Mar-2022	Communication Strategy approved and implemented, and updates provided to the Strategic Change Executive
Implementation of internal effective mechanisms for reporting programme progress and in particular tracking benefits	Stuart MacMillan	100%	31-Mar-2022	31-Mar-2022	Benefits Realisation Plan has been approved by Strategic Change Executive (26 August 2021). It was also shared at Service and Performance Panel on 29 March 2022 which noted the approach that the Council is taking to benefit realisation and implementing trackers.
Continue to progress the delivery of projects, focussing on moving projects from the scoping/exploratory phase and into delivery	Stuart MacMillan	100%	31-Mar-2022	31-Mar-2022	Over 80% of the projects on the Programme are at delivery stage.
Review governance arrangements across the Council to integrate its approach to transformation and change; avoid duplication, promote recovery from covid and inform best practice	Donald Gillies	75%	31-May-2022	31-May-2022	Governance arrangements in place for the Strategic Change Programme as managed by Place Directorate together with timelines for all change programme projects and benefits tracker in place. Wider

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
					Governance arrangements will be required to identified, adopted and integrated across whole Council for strategic change activity that sits out with the change programme managed by Place Directorate. This will require to be identified and implemented by the new administration and Chief Executive.

Recommendation 5 The Council needs to build on the Service Recovery and Improvement Plans and the Community Engagement Strategy to ensure that future community engagement and consultation is consistent, and fully involves communities to develop how Council services will operate in the future in response to the Covid-19 pandemic, in order that real change and outcomes can be delivered. (paragraphs 25 and 112)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Establish a new Thriving Communities service has been established to lead community engagement across South Ayrshire	Jane Bradley	100%	31-Mar-2022	31-Mar-2022	A new Thriving Communities service has been established and implementation of new structure and formation of community-based locality teams is ongoing
An annual log of all consultations and engagement will be published	Jane Bradley	75%	31-Dec-2022	31-Dec-2022	Officers group established who will now log consultations. Information will be published in April 2023 and annually thereafter in line with reporting cycle.
Thriving Communities will be responsible for engaging with local communities to help develop local place plans – November – March 2022 already underway and planned	Jane Bradley	75%	31-Dec-2022	31-Dec-2022	On target to be completed December 2022
A new online platform will be launched in January 2022 and will provide an opportunity for residents to let public services and community groups know what is important to the people of South Ayrshire	Jane Bradley	100%	31-Jan-2022	31-Jan-2022	South Ayrshire Community Conversations' (Consul) Training has been rolled out to internal officers and 3rd sector partners. The platform will be piloted in July 2022 as part of the consultation to amend the Community Council Boundaries in North Carrick.
A new officers group will be established to support and improve consultation across the organisation. We will continue to work alongside the Consultation Institute to improve our consultation processes	Jane Bradley	100%	31-Jan-2022	31-Jan-2022	Officers group established and officers commenting on the Teams channel already provide support and guidance for colleagues. Training for Consul has been rolled out.

Recommendation 6 The Council should improve performance reporting, by: • Setting targets for its 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 (paragraphs 32, 47 and 51)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Explore options for the future iterations of the Council Plan with Members and community planning partners and consider how reporting could be improved	Mike Newall	25%	31-Dec-2022	31-Dec-2022	Scoping of good practice in other LAs complete and data packs are being compiled at a ward and locality level. Induction meeting/training arranged with members on the 27th of June.
As part of the development of the new Council Plan a greater emphasis will be on measuring outcomes	Mike Newall	10%	31-Dec-2022	31-Dec-2022	Webinar on measuring outcomes attended by Service Lead and CP Lead Officer. 9/6Further discussion on outcome measures will flow from the plans ongoing development.
Review the performance monitoring framework to improve public performance reporting	Mike Newall	100%	28-Feb-2022	28-Feb-2022	The review of the Performance Monitoring Framework was approved at the Service and Performance Panel that took place on Tuesday 8th February 2022.

Recommendation 7 To help them carry out their roles, including their responsibilities under Best Value, Elected Members should take advantage of the learning and development opportunities provided by the Council. The Council should continue to work with Elected Members to understand and address reasons for variable uptake of training (paragraph 30)

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Conversion of all training to on-line Coast training courses and production of online Member's pack	Catriona Caves	90%	28-Feb-2022	31-Aug-2022	Induction training has been uploaded as Coast training courses and confirmation awaited from ICT on the format as to how members can access Member Briefings on-line after in person training. This will then be implemented after recess for new Briefing Schedule. On-line induction pack completed and uploaded on members area
Consideration of medium for delivery of training – ie by Hybrid training where Members can be both present in person and attending on-line	Catriona Caves	75%	31-May-2022	31-Aug-2022	Members responses to questionnaire will be presented together with ICT solutions for making training available and the proposed timetable for training in a paper to CLT in July for approval and implementation.

Action	Managed By	Progress	Original Due Date	Current Due Date	Latest Note
Return to PDP and personalisation of training needs with new Members intake	Catriona Caves	60%	30-Apr-2022	31-Dec-2022	The Improvement Service provided a new template in May 2022 that will now be used by OD to carry out the schedule of PDPs with members after recess.
Further develop new Member induction training	Catriona Caves	100%	30-Apr-2022	30-Apr-2022	A timetable of Induction Training was completed and an electronic new member's induction pack provided to all members and uploaded on a freshly designed new members page on the Core (the Council's intranet)
Report to Service and Performance Panel on training that is delivered with details of Member attendance	Catriona Caves	10%	31-Dec-2022	31-Dec-2022	Please see above for detail that is being considered.

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 7 September 2022**

Subject: Internal Audit – Progress Report

   (i)   Progress of Annual Internal Audit Plan 2021/22

   (ii)   Progress of Annual Internal Audit Plan 2022/23

   (iii) Implementation of Internal Audit Action Plans

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1.   Purpose

1.1   The purpose of this report is to advise Members of internal audit's progress regarding the 2021/22 internal audit plan, progress regarding the 2022/23 internal audit plan, and directorate progress in regard to the implementation of action plans.

2.   Recommendation

2.1   **It is recommended that the Panel considers the content of this report.**

3.   Background

3.1   Progress against the Internal Audit annual plan and implementation of action points is reported to the Audit and Governance Panel on a quarterly basis. The last quarterly progress report was reported to Panel on 23 February 2022 and included progress for the quarter up to 31 December 2021. The annual report was presented to this Panel on 22 June 2022 and included the progress against the 2021/22 Internal Audit Plan up to 31 March 2022.

3.2   This report provides an update on the progress of the 2022/23 Annual Internal Plan for the first quarter to 30 June 2022 and the progress of the 2021/22 Internal Audit Plan and the implementation internal Audit Actions to 3 August 2022.

4.   Proposals

4.1   *Progress of Internal Audit Plan 2021/22*

   4.1.1   A summary of all 2021/22 assignments can be found in Appendix 1. Nineteen final reports for audit assignments for 2021/22 have been issued, four of which have been issued since the annual report in June 2022 and are included in the table below. A further one draft report (Museums - Stores Control) has also been issued since the last update in June and is currently being cleared with service management:

Ref	Assignment	Assurance	No of Actions
2022-24	AVJB - New Core System	Substantial	0
2022-25	IJB - Risk Management	Reasonable	3
2022-10	Contact Audit (Capital Contract SPP)	Reasonable	4
2022-18	Controls Around Fuel	Limited Assurance	7

4.1.2   Testing is now complete for all assignments included the 2020/21 internal audit plan.

4.2   *Internal Audit Annual Audit Plan 2022/23 Progress*

4.2.1   A summary of all 2022/23 assignments can be found in Appendix 2.

4.3   *Performance Indicators 2022/23*

4.3.1   Four performance indicators are included in the plan for 2022/23:

- Productivity/utilisation (para 4.3.2);
- Percentage of reviews completed in audit plan (para 4.3.4);
- Number of ad-hoc requests and investigations (para 4.3.5); and
- Time spent on audits/time taken to complete audits (para 4.3.6).

4.3.2   As at 30 June 2022, direct audit time for 2022/23 was as follows:

	2022/23	2021/22	2020/21
Direct	86%	80%	77%
Indirect	6%	13%	18%
Management	8%	7%	5%
	100%	**100%**	**100%**

4.3.3   It is usual for direct audit time to be high at this stage of the year due to the time spent closing 2021/22 assignments as well as planning assignments for 2022/23.

4.3.4   The internal audit plan for 2022/23, approved by the Panel on 22 June 2022, includes 27 deliverable assignments. A summary of the 2022/23 plan completion as at 30 June 2022 is included in the table below:

Status	No. of Deliverables	Percentage
Complete	0	0%
Work in progress	4	15%
Not started	23	85%
Total	**27**	**100%**

4.3.5   Three anonymous whistleblowing complaints were received during the period. One investigation has been concluded by Internal Audit and the complaint was not substantiated. The remaining two investigations are currently ongoing and are being completed by the relevant service with input from Internal Audit where required.

4.3.6   Advice and guidance is provided throughout the year on an ad-hoc basis as required. Advice in relation to service users' cash was provided by Internal Audit during the first quarter on 2022/23.

4.3.7   Management information is retained for all assignments which tracks progress of the assignment from the terms of reference at the outset through to the issue of the draft report, and ultimately to the issue of the final report. This management information is used to review progress of the assignment against the budgeted audit days in the plan, assign work within the team and track overall completion of the plan.

4.4   *Resourcing*

4.4.1   There continued to be staff resourcing issues for the internal audit during the first quarter of 2022/23 as a result of the Senior Auditor vacancy and auditor maternity leave. However the auditor returned from maternity leave mid-August and the recent recruitment exercise in July 2022 identified potential candidates for the Senior Auditor and Auditor roles. Interviews were carried out on 16 and 17 August and, subject to the usual recruitment checks, there is now a full complement of audit staff.

4.5   *Implementation of Internal Audit Action Plans*

4.5.1   Nine follow up assignments are included in the 2022/23 internal audit plan. One follow up assignment is currently in progress. The remaining assignments will be programmed into the Internal Audit work plan in line with agreed action implementation dates.

4.5.2   The follow up of all other audit action points is undertaken through review of Pentana, where all recommendations are uploaded for management action. Quarterly alerts are issued from Pentana to action owners requesting action status to be updated.

4.5.3   Details of all outstanding action points either overdue or due within the next six months are included in Appendix 3.

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   Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendation.

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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

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   **Internal Audit Annual Report 2021-22**

                                   Proposed Internal Audit Plan 2022-23

                                   Public Sector Internal Audit Standard

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Date: 26 August 2022

Progress Against 2021/22 Internal Audit Plan

	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Progress
1	Payroll	10	9	1	Follow up of 2020/21 Findings	Complete 2022-01
2	Customer Invoicing	3	0	1	Follow up of 2020/21 Findings	Withdrawn
3	Main accounting	5	0	1	Follow up of 2020/21 Findings	Not due
4	Benefits	15	0	1.4	Universal Credit advice and guidance	Withdrawn
5	Benefits	3	1	1.4	Follow Up of 2020/21 SWF Findings	Deferred
6	Housing rents	15	15	1.3	Rent Accounting	Complete 2022-06
	Sub-Total	**51**	**25**			
7	Mobile devices	25	4	6.2	Review process and controls over mobile devices	Deferred
8	PCI DSS	25	25	6.2	Compliance	Complete 2022-08
	Sub-Total	**50**	**29**			
9	Contract audit	20	20	4.3	Revenue contract to be selected to test controls over the awarding and managing of contracts	Complete 2022-09
10	Contract audit (SPP)	20	30	5.2	Capital contract to be selected to test controls over the awarding and managing of contracts	Complete 2022-10
11	Review of key corporate governance arrangements	25	8	4.2	Review controls and governance arrangements over transformation projects and change management	Complete 2022-11
12	Review of key corporate governance arrangements	20	5	1	Strategic recovery from COVID-19	Complete 2022-12
13	Following the public pound	15	8	4.1	Ayrshire Growth Deal - review of internal governance arrangements	Complete 2022-13
	Sub-Total	**100**	**71**			
14	People	15	9	5.3	Implementation of new communication's strategy	Complete 2022-14
15	People	10	4	2.3	Education Maintenance Allowance	Deferred
16	People & Place	15	5	2.4/6.2	Controls around hall letting process	Complete 2022-16
17	Place	20	20	5.2	Scottish Housing Regulator - Annual Assurance Statement - Governance Framework	Complete 2022-17

	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Progress
18	Place	15	15	6.1	Controls around fuel systems	Complete 2022-18
19	Place	15	0	1	Controls around management of school crossing patrollers	Deferred
20	H&SCP	30	12	3.1	CareFirst	Draft Issued
21	H&SCP	20	0	3.2	Fostering & Adoption	Deferred
22	H&SCP	8	7	3.2	Follow Up - Kinship Care Payments	Complete 2022-22
23	Finance, Economic Dev, Regulatory	25	4	4.4	Review of COVID-19 business grants	Complete 2022-23
	Sub-Total	**173**	**76**			
24	AVJB	25	22	-	New Core System	Complete 2022-24
25	IJB	25	22	-	Risk Management	Complete 2022-25
	Sub-Total	**50**	**44**			
26	Schools	5	1	1	Internal Control Self-Assessment Toolkit - Initial Rollout and Management of the Annual Process	Complete (no report required)
27	Social Work Locations	2	2	3	Internal Control Self-Assessment Toolkit - Management of the Annual Process	Complete 2022-27
28	Continuous auditing	20	13	1	Download and analyse data looking for unusual transactions or trends in core systems	Complete 2022-28
29	Grants - LEADER	5	5	4.4	Audit of claims and annual review	Complete 2022-29
30	Cash checks at council premises	5	0	1	Unannounced spot checks at Council premises	Deferred
31	Stores control	10	7	5.4	Museums	Draft issued
	Sub-Total	**47**	**28**			
	Total - Deliverables	**471**	**271**			
32	Investigations and client requests	30	13	-	Allowance for investigations of irregularities. client requests, advice and consultancy	Complete
33	Contingency	30	8	-	Contingency budget for unplanned commitments arising during the year	Complete
34	Closure of prior year assignments	15	33	-	Allowance of time for the closure of prior year audit work into 2021/22	Complete
35	Management and Audit development	35	22	-	Internal Audit planning, annual reporting, and quarterly reporting	Complete

	Audit Area	Indicative Days	Revised Days	Link to Council Plan	Audit objectives	Progress
36	EQA2	10	8	-	South Ayrshire Council independent review of Renfrewshire Council's compliance with PSIAS	Deferred
37	QAIP	5	2	-	Annual self-assessment of compliance with PSIAS	Complete
Sub-Total (Non Deliverables)		**125**	**86**			
GRAND TOTAL		**596**	**359**			
-	Follow Up – Roads Bonds					Complete
-	Follow Up – Roads Maintenance – Materials and Stores					Complete

PROGRESS AGAINST INTERNAL AUDIT PLAN 2022/23   **Appendix 2**

No	Audit Area	Objectives	Link to Council Plan	Link To Risk Register	Estimated Days	Progress
Key Corporate Systems						
1	Main Accounting	Anti-Fraud Review - NDR Relief Review (Joint review between Internal Audit and Corporate Fraud)	4.4	4	15	Not started
2	HR and Payroll	Conflict of Interests - Review of arrangements in place to ensure conflict of interests are declared. (consider using NFI report for sample checking).	1.2	3/10	15	Work In Progress
Governance/Best Value						
3	Following the Public Pound	Ayrshire Growth Deal Testing of internal governance arrangements	4.1	1	20	Not started
4	Contract Audit	Review of arrangements in place around the use of HubSW	5.2	9	20	Not started
5	Transformational Change	Follow up of the 2021/22 Change Management assignment - review of progress of the South Ayrshire Way Change Programme specifically in relation to transformational change projects and COVID recovery.	1/2.5/4.2	1	20	Not started
6	National Fraud Initiative	Commencement of 2022/23 Data Matching exercise	-	4	10	Not started
ICT Auditing						
7	System Access Control	Review process and controls over granting and removing access to Council System and Data.	6.2	11	30	Work In Progress
Directorates						
8	Place	Void Repairs - Procedural Review	1.3/5.2	12	25	Not started
9	H&SCP	Fostering & Adoption Payments	3.2	5	15	Not started
10	People	Education Maintenance Allowance (Data Match)	2.3	5	5	Not started
11	H&SCP	Review of progress against implementation of Care Inspectorate/Scottish Government Improvement Plans	3	5	15	Not started

No	Audit Area	Objectives	Link to Council Plan	Link To Risk Register	Estimated Days	Progress
12	Place	Review of Climate Change Public Sector Report (CCPSR) (Sample Check return to confirm supporting documentation available to support the contents)	6.1	1/3	20	Not started
13	Finance, Economic Dev, Regulatory	Review of COVID-19 business grants	4.4	4/9	10	Work In Progress
Regularity						
14	Schools	Internal Control Self-Assessment Toolkit - Initial Rollout and Management of the Annual Process	2	4	6	Not started
15	Social Work Locations	Internal Control Self-Assessment Toolkit - Management of the Annual Process	3	4	5	Not started
16	Continuous auditing	Development of Continuous Auditing to other key risk areas including procurement and payroll	1.3	4	20	Not started
Follow Up Reviews						
17	Main accounting	Follow up of 2020/21 Findings	1	9	3	Not started
18	Benefits	Benefits - Scottish Welfare Fund	1.4	9	2	Work In Progress
19	Following the Public Pound	Ayrshire Growth Deal	4.1	9	4	Not started
20	ICT Auditing	PCI DSS	6.2	11	3	Not started
22	Contract Audit	Capital contract	5.2	9	4	Not started
22	Directorate and other Systems	Controls around Hall letting Procedure	2.4/6.2	4	2	Not started
23	Directorate and other Systems	Controls around fuel systems	6.1	4	4	Not started
24	Directorate and other Systems	Carefirst	3	4	2	Not started
25	Regularity	Museums Stores	5.4	4	2	Not started
Other Entities						
26	AVJB	To be approved by AVJB	-	-	25	Not started

No	Audit Area	Objectives	Link to Council Plan	Link To Risk Register	Estimated Days	Progress
27	IJB	To be approved by IJB	-	-	25	Not started
Other						
28	Investigations	Allowance for investigations of irregularities.	-	4	20	Ongoing
29	Advice and Guidance	Client requests, advice and consultancy - including participation on working groups	-	-	15	Ongoing
30	Contingency	Contingency budget for unplanned commitments arising during the year	-	-	30	Not started
31	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2021/22	-	-	50	Testing Completed
32	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting	-	-	35	Ongoing
33	EQA2	South Ayrshire Council independent review of Renfrewshire Council's compliance with PSIAS	-	-	10	Not started
34	QAIP	Annual self-assessment of compliance with PSIAS	-	-	10	WIP
TOTAL					**497**	

Overdue Actions

IA2017/09 Museums and Galleries - Art Collection

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2017/09.02.EDL Responsibility for artefacts out with Museum collection should be established and recorded.	30-Jun-2022	Laura Kerr	Laura Kerr	02-Aug-2022 It has been agreed that the Libraries, Museums and Galleries service will be responsible for artefacts out with the Museum collection. Approval has been given for the appointment of an Intern to the service for a 12 month period whose responsibilities will include recording artefacts out with the museum collection. Ongoing responsibility will then transfer to a permanent member of the service as part of the implementation of the service review. An extension to the due date has been requested to allow for the appointment of the Intern and for the tasks to be completed	🔴	80%	1st extension granted-31/3/2021 2nd Extension granted30/6/22 **3rd Extension requested 30/6/23**
IA2017/09.03.EDL The Museums Inventory should be updated on a continuous basis and shared with Asset Management.	30-Jun-2022	Laura Kerr	Laura Kerr	02-Aug-2022 Progress against updating the inventory has been impacted by staffing resources within the service. The duties of the Intern will include updating the inventory records as a priority An extension to the due date has been	🔴	90%	1st extension granted-31/3/2021 2nd Extension granted30/6/22

				requested to allow for the appointment of the Intern and for the tasks to be completed			**3rd Extension requested 30/6/23**

IA2019/27 Property Leases

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2019/27/01 Review of leased property portfolio to ensure that agreements and supporting documents are available.	31-Mar-2022	Louise Reid	Tom Burns	2 12-Aug 2022 Legal have advised that due to Covid 19 and staff restrictions on access to offices and records the lease information is still in the process of being gathered together/sourced.	🛑	75%	1st extension granted - 31/3/2021 2nd extension granted - 31/3/2022 A minimum 6 month extension period is requested, until 31/03/2023

IA2022/22 Follow Up: Kinship Care Payments

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/22.02 Reconciliation of payments listing, tracker and Carefirst	01-Sep-2022	Fiona Macdonald	Julie Boyd; Elaine Mullin	21-Jul-2022 New Admin is currently working through the tracker to ensure dates are accurate. Admin worker as matter of course will enter all activities Kinship	▶	90%	

				Review / Financial Assessment / PVG and Medical as required by statute. 6 weekly meeting has been established for review of tracker by Team Leaders.			

IA2020/45 Payroll Starters & Leavers

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2020/45/01 Procedures for transfers	30-Jun-2022	Catriona Caves	Wendy Wesson	15-Jul-2022 This area of activity is now being considered as part of the work around Oracle Fusion and our To Be Processes at Go Live.	▶	90%	1st Extension granted - 30/6/22 **2nd extension requested 30/12/22 or Oracle Fusion Go live date if later**
IA2020/45/03 Recovery of assets	30-Jun-2022	Catriona Caves	Wendy Wesson	15-Jul-2022 This area of activity is now being considered as part of the work around Oracle Fusion and our To Be Processes at Go Live.	▶	90%	1st Extension granted – 30/6/22 **2nd extension requested 30/12/22 or Oracle Fusion Go live date if later**

IA2021/36 Cyber Security

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/36/04 Exercise in a Box	31-Mar-2022	Stewart McCall	Anne Yeo	06-Jul-2022 No further action is expected until a programme of work can be defined. Information Security to undertake this activity but will not have resources available until early 2023.	On Hold	65%	**1st Extension requested – 31/3/2023**

IA2021/47 ICT Application Controls - Cash Receipting System

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/47.12 Suppliers of ICT related goods to be required to demonstrate information security posture. Contract award letters to confirm expectations re SAC's requirements and policies for remote access as appropriate.	31-Dec-2021	Donald Gillies; Stewart McCall	David Alexander; Anne Yeo	03-Aug-2022. ICT have been working with procurement, and continue to do so, looking at security issues related to the supply chain. The Scottish Government tool for allowing 3rd parties to demonstrate security has been tested and we are now looking for an alternative as it proved to be cumbersome and challenging to use. We may have to design something for ourselves that takes the best from all the examples we have found. New procedures and documentation should be in place by 31 March 2023.	🔴	60%	**1st Extension requested – 31/3/23**

Actions Due within Six Months of Progress Report

IA2021/40 Main Accounting System Review

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/40.02 Review to be conducted of old, unused account codes and cost centres surplus to requirements to streamline budget monitoring.	31-Dec-2022	Tim Baulk	Tom Simpson	12-Apr-2022 Work is currently progressing across all chart of account segments, with particular focus on cost centres and account codes at present. Work is expected to be completed ahead of the user acceptance testing (UAT) phase of the Oracle Fusion implementation project.	▶	60%	
IA2021/40.06 Format of service level budget monitoring reports for all SAC services to be reviewed to include commitments and obligations to present complete spend against budget.	31-Dec-2022	Tim Baulk	Tom Simpson	12-Apr-2022 Reports are being identified and developed; further analysis and work is required in order to conclude the full suite of reports.	▶	40%	
IA2021/40.10 Internal training to be made available to those with budget monitoring responsibilities to enhance their knowledge and skills to effectively manage their budget.	31-Dec-2022	Tim Baulk	Tom Simpson	12-Apr-2022 No further progress since last update due to competing priorities. However, plans are being developed in order to roll-out training to Elected Members.	▶	35%	1st Extension granted- 31/12/22
IA2021/40.11 Format of budget monitoring reports to be reviewed to enable budget holders to drill	31-Dec-2022	Tim Baulk	Tom Simpson	12-Apr-2022 Format and content of reports remains under development but within timeframe. Number of available	▶	10%	

down on the information presented. Consideration should be given to providing budget holders with real time budget and expenditure information.				licences is likely to impair budget holders' ability to access these reports in the system to enable drill-down facility.			
IA2021/40.15 Basis of internal recharges to be reviewed where based on historic pre-approved rates	31-Dec-2022	Tim Baulk	Tom Simpson	12-Apr-2022 Limited progress made since last update, due to competing priorities with more urgent deadlines.	▶	10%	1st Extension granted- 31/12/22

IA2021/47 ICT Application Controls - Cash Receipting System

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2021/47.08 Application Access control standard to be created and communicated to all SAC application administrators	31-Dec-2022	Stewart McCall	Anne Yeo	17-Jan-2022 Password standard is now being enforced. AY to discuss with Denise how to expand to applications.	▶	70%	

IA2022/01 Follow Up: Payroll (Starters and Leavers) & Payroll System Review

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/01/10 Update of SAC HR Policies	30-Sep-2022	Wendy Wesson	Noemi Cecconi	22-Jul-2022 The Travel and Subsistence policy is being reviewed as part of the	▶	80%	

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/01/13 Reminders re travel and subsistence claims	30-Sep-2022	Wendy Wesson	Noemi Cecconi	Future Operating Model. The section related to business mileage was deferred as the report for this has only just been submitted for Cabinet approval. Once approval has been received, Travel & Subsistence policy will be updated and reminders will be sent out.	▶	80%	

IA2022/08 Payment Card Industry Data Security Standard Compliance Management

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/08.02 Corporate Guide and Local Procedures Review and Update	31-Dec-2022	Stewart McCall	Anne Yeo	21-Jul-2022 Corporate Governance Document is ready for review by PCI DSS Champions Network. It will then be compared with local procedures and necessary updates will be made.	▶	25%	
IA2022/08.03 PCIDSS Compliance Assessment and Assurance	31-Dec-2022	Tim Baulk	Stewart McCall	21-Jul-22 Not due to start	▶	0%	
IA2022/08.04 Prepare and Maintain list of Merchant Terminals	31-Dec-2022	Stewart McCall	Anne Yeo	21-Jul-2022 PCI DSS Champions network has prepared a list of Merchant Terminals and will determine processes for ongoing review and management.	▶	90%	
IA2022/08.05 Review Arrangements and Compliance of Third Parties	31-Dec-2022	Tim Baulk	Stewart McCall	21-Jul-22 Not due to start	▶	0%	
IA2022/08.06 Review Procedures and Compliance with Training	31-Oct-2022	Stewart McCall	Deborah McVey; Anne Yeo	25-Jul-2022 PCI DSS Champions Network assigned action.	▶	10%	

IA2022/10 Contract Audit Special Property Projects

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/10.01 Develop Risk Management Procedures	31-Dec-2022	Louise Reid	Derek Yuille	Update not yet due – report issued 28 July 2022 – next update due 27 September	▶	0%	
IA2022/10.02 Timeous completion of contract documentation	31-Dec-2022	Louise Reid	Derek Yuille	Update not yet due – report issued 28 July 2022 – next update due 27 September	▶	0%	
IA2022/10.03 Detailed financial information in Cabinet/Panel papers	31-Dec-2022	Louise Reid	Derek Yuille	Update not yet due – report issued 28 July 2022 – next update due 27 September	▶	0%	
IA2022/10.04 Receipt of contract documentation prior to start of contract	31-Dec-2022	Louise Reid	Derek Yuille	Update not yet due – report issued 28 July 2022 – next update due 27 September	▶	0%	

IA2022/12 Strategic Recovery from Covid 19

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/12.01 Monitoring Progress against recovery tracker	31-Dec-2022	Jane Bradley	Jane Bradley	06-Jul-2022 Service Leads are being asked to confirm recovery status on Pentana	▶	10%	
IA2022/12.02 Update Pentana Triggers	30-Sep-2022	Mike Newall	Kevin Anderson		▶	10%	

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/12.03 Reporting Recovery from Covid 19	31-Dec-2022	Jane Bradley	Jane Bradley	06-Jul-2022 Paper under development for Cabinet in September 2022	▶	10%	

IA2022/22 Follow Up: Kinship Care Payments

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/22.07 Timeous completion of annual review meeting reminder	31-Dec-2022	Mark Inglis; Fiona Macdonald	Gary Hoey; Elaine Mullin	30-Jun-2022 Drop down boxes have been created on Carefirst within the activities screen to schedule and capture required statutory checks and meetings respectively. 91% of contacts and award letters have been sent out. First tranche of 6 weekly Kinship Tracker meetings have taken place and future meetings scheduled. New templates are in use	▶	80%	

IA2022/27 Social Care Internal Control Self-Assessment Toolkit

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/27.01 Participation in Self-Assessment Exercise	31-Dec-2022	Tim Eltringham	Lisa Duncan		▶	0%	
IA2022/27.02 Refresher Training	31-Dec-2022	Tim Eltringham	Lisa Duncan		▶	0%	
IA2022/27.03 Key Governance Reminders	31-Dec-2022	Tim Eltringham	Lisa Duncan		▶	0%	

IA2022/16 Hall Letting - Procedures

Action	Due Date	Managed By	Assigned To	Latest Note	Status	Progress	Agreed Revisions
IA2022/16/01 Update of Legend and Lets Guidance	30-Sep-2022	Laura Kerr	Fiona Campbell	28-Jul-2022 The Legend and Lets Guidance updated on a regular basis as we continue to embed the new system and review/revise our procedures. Staff are alerted to changes and training is provided if required.	▶	40%	
IA2022/16/03 Automate multiple booking charges	30-Sep-2022	Laura Kerr	Fiona Campbell	28-Jul-2022 Further discussions have taken place in relation to this action to identify the best solution. Works are ongoing and the target date will be met.	▶	20%	
IA2022/16/04 Restrict Cancellations	30-Sep-2022	Laura Kerr	Fiona Campbell	28-Jul-2022 To be discussed with Ali Mutch/Laura Kerr.	▶	10%	
IA2022/16/05 Training records	30-Oct-2022	Laura Kerr	Fiona Campbell	28-Jul-2022 Action on target.	▶	20%	

South Ayrshire Council

**Report by Chief Internal Auditor
to Audit and Governance Panel
of 7 September 2022**

Subject: Internal Audit Annual Update Report – Integration Joint Board (IJB) Performance and Audit Committee (PAC)

1. Purpose

1.1 The purpose of this report is 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 Council and NHS Ayrshire and Arran (NHSAAA) internal auditors.

2. Recommendation

2.1 It is recommended that the Panel notes the content of this report.

3. Background

3.1 Section 5.5 of the [IJB Financial Regulations](#) outlines that the IJB Chief Internal Auditor will submit an annual audit report of the Internal Audit function to the Chief Officer and the Performance and Audit Committee (PAC) indicating the extent of audit cover achieved and providing a summary of audit activity during the year. As a minimum the annual audit report and Chief Internal Auditor's opinion will also be reported to the audit committee of the NHS Board and the Audit and Governance Panel of the Council.

3.2 The IJB annual report and audit opinion for 2021/22 was provided to the PAC of 30 June 2022 and will be shared with the NHSAAA Audit Committee of 23 November 2022.

4. Proposals

4.1 *Internal Audit Outputs for the IJB during 2021/22*

4.1.1 During the past year, the following reports have been considered by the Members of the PAC:

- IJB Internal Audit Annual Report including the Internal Audit Annual Opinion 2021/22 (included in Appendix 1 and Annex A).

- Internal Audit report on IJB Risk Management arrangements. The report was provided to all South Ayrshire Council Members for information on 22 July 2022.

- IJB Internal Audit Plan 2022/23.

4.1.2   The NHSAAA draft internal audit report on Delayed Discharges Performance Indicators has been issued to management for comment. A copy of the final report will be shared with the PAC once agreed.

4.2   *Internal Audit Annual Opinions*

4.2.1   When preparing the statement of assurance the Chief Internal Auditor considers the work of the internal auditors of NHSAAA (Grant Thornton LLP) and the statement of assurance provided for South Ayrshire Council.

4.2.2   The Internal Audit Report for NHSAAA, was provided to their Audit Committee on 23 June 2022. Their opinion concludes that; *'Our overall opinion for the period 1 April 2021 to 31 March 2022 is that based on the scope of reviews undertaken and the sample tests completed during the period, partial assurance with some improvement required can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.'*

4.2.3   The Internal Audit opinion for South Ayrshire Council, prepared by the Chief Internal Auditor, was provided to this Panel on 22 June 2022. The opinion concludes that; *'Internal Audit can 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.'*

4.3   *IJB External Auditor's Report 2021/22*

4.3.1   The draft IJB External Audit report (prepared by Deloitte LLP) was presented to the PAC on 26 August 2022 and will be approved by the IJB on 14 September 2022. The report states that; *'based on our work completed to date we expect to issue an unmodified audit opinion'*.

4.3.2   The IJB external auditors did not rely on the work completed by Internal Audit during 2021/22 but noted in their report that; 'the IJB continues to have effective budget setting and monitoring arrangements in place. This is supported by an experienced finance team and an internal audit function, as well as appropriate arrangements for the prevention and detection of fraud and error'.

4.4   *Internal Audit Plan for 2022/23*

4.4.1   The South Ayrshire IJB internal audit plan for 2022/23 was approved by the PAC on 30 June 2022. Two audits assignments are included within audit plan; (i) Performance Monitoring - To review the controls around performance monitoring arrangements, and (ii) Risk Management Follow Up Review – To review implementation of audit recommendations arising from the 2021/22 Risk Management audit assignment Where any changes are proposed to the IJB internal audit plan, these will be presented for approval to their PAC.

4.4.2   Meetings are held periodically throughout the year between the Chief Internal Auditors of the three Ayrshire IJBs, as well the internal auditors for NHS Ayrshire and Arran to consider Pan Ayrshire issues.

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   Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendation.

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 Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

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**   **IJB Annual Report 2021-2022**

                           IJB Internal Audit Plan 2022 - 2023

                           Public Sector Internal Audit Standards 2017

                           IJB Financial Regulations

Person to Contact   **Cecilia McGhee, Chief Internal Auditor
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Date: 26 August 2022

South Ayrshire Integration Joint Board

Internal Audit Annual Report 2021/22

1. Introduction

1.1. The Integrated Resources Advisory Group (IRAG) 2015 guidance outlines the responsibility of the Integration Joint Board (IJB) to establish proportionate internal audit arrangements for the review of the adequacy of arrangements for governance, risk management and control of resources delegated to the IJB. The IJB appointed South Ayrshire Council's Chief Internal Auditor as the Chief Internal Auditor of the IJB.

1.2. The Chief Internal Auditor is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework for governance, risk management and control.

2. Internal Control Framework

2.1. In order to ensure the proper conduct of its business, the IJB has a responsibility to develop and implement systems of internal control. The presence of an effective internal audit function contributes towards, but is not a substitute for, effective control. It is the responsibility of management to have adequate controls in place and to ensure these controls are operating effectively. A sound control system will help safeguard assets, ensure records are reliable, promote operational efficiency and ensure adherence to Council policy and procedure. Such systems of internal control can provide only reasonable and not absolute assurance against loss.

2.2. The operational delivery of services within NHS Ayrshire and Arran Heath Board (NHSAAA) and the Council on behalf of the IJB will be covered by their respective internal audit arrangements.

3. Reporting requirements of the Public Sector Internal Audit Standards (PSIAS)

3.1. Internal Audit operates in accordance with the PSIAS requirements and 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.

3.2. Internal Audit operates within the Internal Audit Charter, most recently approved by South Ayrshire Council's Audit and Governance Panel on 16 March 2022.

3.3. The PSIAS places a number of reporting obligations on the Chief Internal Auditor in respect of the annual report. These obligations are summarised below:

PSIAS Ref	Requirement	Evidence
1110	The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.	The Chief Internal Auditor reports directly to the Performance and Audit Committee, and unfettered access is available to the IJB Chief Officer as required.
1320	The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.	A summary of the annual self-assessment, most recently carried out in 2021, is included in this annual report. The next external review is scheduled for 2022.
2450	The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.	This report to the Performance and Audit Committee provides the annual statement of assurance on internal controls.
2450	The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.	This report to the Performance and Audit Committee provides the annual statement of assurance on internal controls.
2450	The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.	This report to the Performance and Audit Committee provides a statement on the conformance with the PSIAS.

4. Compliance with PSIAS

4.1. The Chief Internal Auditor is required to confirm internal audit's compliance with the Public Sector Internal Audit Standards. The most recent self-assessment was carried out in 2021 and the results of that reported to the Council's Audit and Governance Panel in November 2021. There were no actions arising from this assessment. The service was externally assessed as 'generally conforms' with PSIAS in 2018. Self assessments since that date, and since the implementation of the external action plan, assess the service as 'fully conforms'. The next five-year external assessment is scheduled for 2022.

5. Position and Resourcing of Internal Audit

5.1. The IJB Chief Internal Auditor has a direct responsibility to report to the IJB Chief Officer and the Performance and Audit Committee. South Ayrshire Council's approved audit plan for 2021/22 allowed for 25 audit days to undertake IJB internal audit services. The audit plan for the IJB for 2021/22 was approved by the

Performance and Audit Committee on 14 May 2021. Internal Audit activity is planned to provide assurance to the board and to enable an independent annual opinion to be given by the Chief Internal Auditor on the adequacy and effectiveness of internal controls operating within the IJB.

5.2. The Internal Audit service of NHSAAA is provided by Grant Thornton LLP. Grant Thornton's internal audit methodology is aligned to PSIAS. The NHSAAA internal audit plan for 2021/22 was agreed with management and approved by the NHSAAA Audit Committee. The NHSAAA audit plan for 2021/22 included an allocation of 30 days pan Ayrshire for IJB Internal Audit services.

5.3. Meetings are held periodically with the Chief Auditors of the other IJBs in Ayrshire (East and North) as well as the NHSAAA internal auditors.

6. Achievement of Annual Internal Audit Plan 2021/22

6.1. Internal audit activity during the year was undertaken in accordance with the approved annual internal audit plan. The plan included a review of the IJB's Risk Management Arrangements. The objective of this review was to obtain assurance that there that there are adequate arrangements in place within the IJB to manage risk. Testing has concluded and the draft report is currently being agreed with management. The internal control assessment can therefore be included in the overall annual audit opinion. Findings conclude that a reasonable assurance opinion can be given on the system of control.

6.2. A copy of the full Internal Audit Report will be provided to IJB Members once finalised.

7. Audit Opinion

7.1. There is a formal requirement for the Chief Internal Auditor to prepare an assurance statement on the adequacy of internal control systems within the Council. The statement is included in Annex A.

8. Conclusion

8.1. Sufficient internal audit work was completed during the year to form an internal audit opinion for 2021/22. There is no limitation of scope on the 2021/22 internal audit opinion.

Opinion on the overall adequacy and effectiveness of South Ayrshire Integration Joint Board's framework of governance, risk management and control

To the Members of South Ayrshire Integration Joint Board

As Chief Internal Auditor for South Ayrshire Integration Joint Board, I am pleased to present my annual statement on the overall adequacy and effectiveness of the framework of governance, risk management and control of the IJB for the year ended 31 March 2022.

Respective responsibilities of management and internal auditors in relation to governance, risk management and control

It is the responsibility of the IJB to determine, establish and maintain appropriate and sound systems of governance, risk management and control and to monitor the continuing effectiveness of these systems. It is the responsibility of the Chief Internal Auditor to provide an annual internal audit opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control.

Sound internal controls

The IJB uses the systems of the Council and NHSAAA to manage its financial records. The main objectives of the IJB's framework of internal control systems are:

- to ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- to safeguard assets;
- to ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- to ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the partners of the IJB are continually seeking to improve the effectiveness of its governance arrangements and systems of risk management and internal control.

The work of internal audit

Internal audit is an independent, objective assurance and consulting function designed to review the internal control systems, add value and improve an organisation's operations. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of the organisation's resources.

The operational delivery of services within the NHS Ayrshire and Arran Health Board (NHSAAA) and South Ayrshire Council on behalf of the IJB will be covered by their respective internal audit arrangements.

South Ayrshire Council's Internal Audit section operates in accordance with Public Sector Internal Audit Standards (PSIAS) which came into effect from 1 April 2013 (updated March 2017). The section undertakes an annual programme of work approved by South Ayrshire Council's Audit and Governance Panel, acting in its role as the Council's audit committee.

The Internal Audit service of NHSAAA is provided by Grant Thornton LLP. Grant Thornton's internal audit methodology is aligned to PSIAS.

The Council's internal audit section has provided an annual report and assurance statement for 2021/22 to the Audit and Governance Panel. The audit opinion concluded 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.

The NHSAAA internal audit plan for 2021/22 was approved by the NHSAAA Audit Committee on 11 June 2021. The most up to date position for the NHSAAA internal audit plan is that the majority of the audit plan would be delivered in order to give an annual audit opinion to the NHS Audit Committee on 27 June 2022.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations.

Basis of Opinion

My evaluation is informed by a number of sources:

- the audit work undertaken by South Ayrshire Council's Internal Audit and Corporate Fraud team in previous years, during the year to 31 March 2022 and in the period after the year-end to date;
- The NHSAAA Health Board's assurance taken from audit work undertaken to date by the appointed internal auditors, Grant Thornton LLP;
- Work undertaken by the partners' external auditors; and
- Chief Internal Auditor's knowledge of the Board's activities for the year 2021/22.

Opinion

Based on the above, reasonable assurance can be provided over the framework of governance, risk management and control and that adequate controls were in place and were operating throughout the IJB in 2021/22.

Cecilia McGhee, Chief Internal Auditor
South Ayrshire Integration Joint Board
22 June 2022

South Ayrshire Council

**Report by Head of Legal, HR and Regulatory Services
to Audit and Governance Panel
of 7 September 2022**

Subject: Strategic Risk Management

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1.   Purpose

1.1   The purpose of this report is to update Members on the reviewed Strategic Risk Register (Appendix 1) in line with the agreed reporting framework.

2.   Recommendation

2.1   It is recommended that the Panel:

2.1.1   considers the reviewed Strategic Risk Register (Appendix 1) updated by Chief Officers; and

2.1.2   notes the 12 key risks and endorses the work currently being undertaken or proposed by risk owners to mitigate these risks.

3.   Background

3.1   The Strategic Risk Register is reported in accordance with the framework within the Corporate Risk Management Strategy.

3.2   The Strategic Risk Register was reported to the Audit and Governance Panel of 1 December 2021 for scrutiny and to the Leadership Panel on 18 January 2022 for endorsement.

3.3   Risk Management is also undertaken at Directorate level and within the Health and Social Care Partnership.

4.   Proposals

4.1   The Strategic Risk Register has been reviewed by Chief Officers / Risk Owners and updates provided on progress against implementation of proposed risk mitigations. Risks are referenced against the themes of Governance, Protection and Resources. 12 Strategic Risks are managed and these are listed as follows:

	Risk	*Theme*
1.	Decision Making and Governance	Governance
2.	External Factors including Contingency Planning	Governance

	Risk	Theme
3.	Strategic Planning – Recovery and Renew	Governance
4.	Integrity	Governance
5.	Child and Adult Protection	Protection
6.	Public/ Employee Protection	Protection
7.	Sustainable Development and Climate Change	Protection
8.	Ash Tree Die Back	Protection
9.	Financial Constraints	Resources
10.	Workforce Planning	Resources
11.	ICT – Digital Resilience, Protection and Capability	Resources
12.	Management of Assets	Resources

4.2   Full detail of strategic risk management arrangements is provided within the register (Appendix 1).   Ownership is assigned to ensure there is clear accountability and responsibility in terms of risk management. The cause, potential effect, risk score and current mitigations are also recorded.

4.3   Although the financial risk relating to Covid has receded, the recent Scottish Government Spending Review and the effects of inflation are additional causes which are impacting on this risk and the risk rating has been adjusted accordingly.

4.4   Proposed risk mitigations have a target completion date and their progress is outlined by use of a percentage completion bar in the report. A status icon is also included which indicates whether or not the specific initiative is on target.

4.5   Members are requested to note that the Health and Social Care Partnership (HSCP) provide information on the risk management of Child and Adult Protection within the Council's Strategic Risk Register. HSCP also develop and report on wider Partnership risk issues within their own bespoke Strategic Risk Register which is provided on a 6 monthly basis for scrutiny to the HSCP Performance and Audit Panel. A link to the HSCP's risk register is provided on pages 6 and 7 of Appendix 1.

4.6   Following a request from Members, a review has been undertaken in respect of the Workforce Planning risk. A Corporate Working Group has been established to develop a workforce plan for 2022-25 that links to the Council's strategic priorities and improvement areas in relation to Best Value. Further information on this can be found on page 12 of the Strategic Risk Register at Appendix 1.

4.7   Members are also requested to note that Chief Officers regularly consider new or emerging risks and there is a process whereby significant operational risks, managed at directorate level, can be elevated to strategic level as required.

4.8   It is anticipated that Members will consider the strategic risk management arrangements outlined within this report and be assured that there is a robust system in place for identifying and managing those threats which could have a significant impact on the successful delivery of the Council's objectives.

5.   Legal and Procurement Implications

5.1   The recommendations in this report are consistent with legal requirements.

5.2   There are no procurement implications arising from this report.

6.   Financial Implications

6.1   There are no cost implications associated with the recommendations in this report.

7.   Human Resources Implications

7.1   There are no human resource implications associated with the recommendations in this report.

8.   Risk

8.1   *Risk Implications of Adopting the Recommendations*

8.1.1   Risks have been identified and assessed in line with the Council's Risk Management process. This report seeks to confirm that risk mitigation at Strategic level is ongoing and risks are being managed at a tolerable level.

8.2   *Risk Implications of Rejecting the Recommendations*

8.2.1   Rejecting the recommendations may give rise to external criticism, breach of statute or legal challenge.

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 delivery of all Council strategic objectives.

13/

13.   Results of Consultation

13.1   Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and the contents of this report reflect any feedback provided.
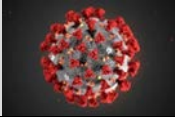
Background Papers   None

Person to Contact   Carol Boyd – Service Lead – Risk and Safety
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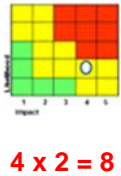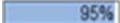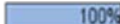
Date: 26 August 2022

SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft July 2022) Appendix 1
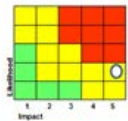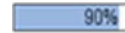
South Ayrshire Council has identified the following risks of strategic significance in line with the themes of Governance, Protection and Resources. The ongoing impact of external risk factors out with the Council's control are fully considered and risk mitigations have been modified and agreed to form the basis of revisions to the Strategic Risk Register.

Risk Themes and Title		
Governance	**Protection**	**Resources**
1.Decision Making and Governance	**5.Adult and Child Protection**	**9.Financial Constraints**
2.External Factors including Contingency Planning	**6.Public and Employee Protection**	**10.Workforce Planning**
3. Strategic Planning – Recovery and Renew	**7. Sustainable Development and Climate Change**	**11. ICT – Digital Resilience, Protection and Capability**
4.Integrity	**8. Grounds Maintenance - Ash Tree Die Back**	**12. Management of Assets**
The successful mitigation of these risks will support the delivery of the Council Plan. Input is provided by Risk Owners identified at Strategic level to ensure clear responsibility in terms of their management. Detail is provided on risk mitigations – both current and proposed. Target dates are recorded in respect of the achievement of the proposed mitigations.		
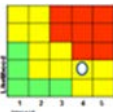
Risk 1		Risk Title – Decision Making and Governance			Risk Theme - Governance
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT Responsible - CLT Risk Owner – Head of Legal, HR and Regulatory Services	1. There is a risk that key decisions are taken on behalf of the Council which may contradict agreed Council Plan objectives or increase risk exposure to the organisation.	Updates to Government legislation and advice. Changes to political structure. Levels of scrutiny.	Lack of compliance; Failure to meet statutory requirements; Poor best value audit. Reputational damage.	 **4 x 2 = 8**	1. Members are supported by a range of training programmes to ensure effective Panel participation and good decision making. 2. Service Leads ensure there is full consultation with PFH's on Panel reports.

Proposed Mitigations (with dates)	**Status**	**Progress Bar**
1.Members are supported to deliver good decision making through training and briefings. The Service Lead – Democratic Governance reviewed arrangements for briefings for Member and Committee Services in discussion with the Leader. Induction training and bespoke Panel training sessions have taken place in May/June 2022. Specific recommendations were made for one to one meetings with new Members to assess training needs and produce an individualised plan. Following recess these will take place utilising the Improvement Service's Political Skills Self- Assessment tool and this will allow Members to consider particular areas that they would benefit from training on. (December 2022).		95% *Increased from 90%*
2. Webcasting/live broadcasting solution that allows both hybrid meetings and public access now live and fully operational. External public website now has an area dedicated to this where meetings can be live streamed, the future meeting schedule is visible and recordings of the meeting archive can be viewed.		100% *Increased from 75%*
3. Installation of camera, recording and broadcasting equipment in County Hall to support hybrid meetings now complete and system is live and operational – actively being used post May election.		100% *Increased from 55%*

Risk 2			Risk Title – External Factors including Contingency Planning			Risk Theme - Governance
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**		**Current Mitigations**
Accountable – ELT

Responsible - CLT

Risk Owner – Head of Legal, HR and Regulatory Services | There is a risk that a range of external factors out with the Council's control such as COVID-19, Brexit, Ukraine or other, may adversely impact on ability to fulfil Council objectives and deliver critical services. | Adverse incidents or Civil Emergencies, eg Kincaidston, Covid19.

Factors imposed upon the Council such as legislative change, Government policy change, implications of Brexit, Ukraine, political change nationally or locally.

Unanticipated updates to Government legislation and advice. | Requirement to re-allocate resources, failure to deliver services to an acceptable level or drive desired improvements. Restrictions on budget, reputational damage. | **5 x 2 = 10** | | 1. Continued Horizon scanning to anticipate and respond to risks – four main civil contingencies risks identified for Ayrshire this year.
2. Watching brief and continual discussion on funding requirements for any unanticipated emergencies.
3. Dissemination of information to officers and members around COSLA and Chartered Institute of Public Finance and Accounting (CIPFA).
4. Risk and Safety team and the Ayrshire Civil Contingencies Team (ACCT) support the Ayrshire Local Resilience Partnership (ALRP). The structure of the Practitioner and Strategic ALRP was refined to respond more efficiently to Ayrshire Risks. Chief Executive attends Strategic ALRP.
5. The Level of Interaction between Health / Councils and partners has increased and allows for more efficient collaboration in emergency planning. The HSCP Risk and Resilience Forum is well established and attended by the Service Lead – Risk and Safety and the ACCT Coordinator.
6. 24/7 on call service in place via Civil Contingencies to respond to, and coordinate, Council emergency response to major incidents.
7. Staffing and resourcing arrangements are in place to support those individuals and families arriving in South Ayrshire from Ukraine. |

Proposed Mitigations (with dates)	Status	Progress Bar
1.Practitioner Ayrshire Local Resilience Partnership (ALRP) and Strategic Ayrshire Local Resilience Partnership meet with required frequency to co-ordinate individual responses from all agencies to major incidents. An Ayrshire wide Tactical Group has been established to specifically focus on contingency arrangements and additional actions deemed necessary to manage increasing numbers of refugees from Ukraine. Additionally the Ayrshire ALRP identifies and manages 4 concurrent civil contingencies risks to support an Ayrshire response. These are 1. Pandemic or Emerging Infectious Diseases, 2. Marauding Terrorist Attack, 3.Disruptive Weather and 4.National Electricity Transmission System (NETS) Failure (Power Resilience/Black Start) (ongoing)	▶	90%
Increased from 85%
2. Risk and Safety Team and the Ayrshire Civil Contingencies Team continue to support SAC civil contingency and business continuity arrangements. SAC civil contingencies response plan is under review and Council Incident Officer training is being rolled out to key Chief Officers, operational Service Leads and Coordinators. Council Managers undertake a rolling review of Service Business Continuity Plans on 6 monthly basis. Civil Contingencies exercises to test plans continue to be developed and rolled out (ongoing) .	▶	90%
Increased from 85%
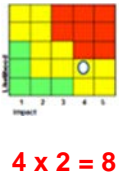
Risk 3			Risk Title – Strategic Planning – Recovery and Renew			Risk Theme - Governance	
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**		
Accountable – ELT Responsible - CLT Risk Owner – Assistant Director – People	1. There is a risk that the Council fails to fulfil strategic objectives in light of the recent pandemic and related pressures, and that current service, financial and resource planning is therefore not aligned. 2. A significantly negative economic impact was anticipated in light of Covid-19 which could impact on a range of Council services, particularly those who generate income including Housing, Council Tax, Tourism and Events, Sport and Leisure, Health and Wellbeing. 3. There is a risk relating to the future operating model for the Council establishment.	COVID-19. Corporate and Directorate Planning processes.	Failure to deliver on Corporate and Directorate Plans or achieve priority outcomes Failure to meet expectations of the public, partners, service users, local businesses Reputational damage Decrease in income to the Council which will detrimentally impact service areas and may impact on future delivery models	**4 x 2 =8**	1.Recovery and Renew Framework approved. 2.Implementation of Operational Recovery and Renew supported by Assistant Directors and Heads of Service. 3.Plans developed from each Council Service Lead to take account of future operational delivery models 4.Existing Council Plan with clearly defined priorities is in place. 5.Delivering Good Governance framework and reporting in place. 6.Robust financial governance in place.		

Proposed Mitigations (with dates)	**Status**	**Progress Bar**
1. Budget monitoring ongoing to measure full year financial impact (ongoing monthly)	▶	85% *Increased from 75%*
2. Business Continuity Plans continue to be updated by Service Leads on a 6 monthly basis. (ongoing)	▶	85% *Increased from 75%*
3. A Group has been established to implement the Council's future operating model, with a purpose of establishing a longer term, sustainable model of working, including working from home, which will help us reduce the amount of buildings we occupy, present opportunities for savings and reduce our carbon footprint. Key to this will be establishing fair, flexible and supportive working arrangements to ensure staff have a good work life balance and remain healthy, engaged and productive. (Sept 2022)	▶	50% *Increased from 10%*
4. Teams have begun to settle into new ways of working. Letters have been issued by HR to staff to confirm their new working style. Officers have begun the process to move hybrid and office workers into their 'villages' within County Buildings. Other staff have increased their face to face presence in a range of other Council buildings across South Ayrshire. (Sept 2022)	▶	50% *New*

Risk 4		Risk Title – Integrity				Risk Theme - Governance
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Accountable – ELT Responsible - CLT Risk Owner – Head of Legal, HR and Regulatory Services	1. There is a risk that the integrity of the Council is breached through a range of failures such as Information Security, Cyber Crime, non- compliance with the General Data Protection Regulations (GDPR), Procurement Fraud, Contractual Failures, Vetting or Financial Irregularities. (COVID-19 may exacerbate the impact of the integrity risk). 2. There is a risk of failure to maintain sources of assurance and levels of scrutiny during COVID-19 response and recovery. 3. There is a risk associated with Brexit of any data being dealt with out with UK.	Existing Council Policy or systems may be ineffective or inconsistently implemented. Lack of training or communication. Difficulty to respond timeously to FOI and GDPR requests. Additional levels of Cybercrime and Fraud because of external global events.	Reputational damage, financial loss, fines, prosecution, civil liability.	**4 x 2 = 8**	1. Current policies / encryption / firewalls, specifically mandatory online Data Protection training, robust processes for reporting and dealing with data breaches. 2. Adherence to the Records Management Plan that has been agreed with the Keeper and is being implemented. 3. Standing Orders relating to Contracts and to Meetings, Scheme of Delegation, Financial Regulations, Council Procurement Policy. 4. SAC Code of Conduct, range of HR / H&S, Fleet policies, employee vetting processes. 5. Fraud Officers, Fidelity Guarantee Insurance Policy and National Fraud Initiative. 6. Internal Audit activity. 7. Establishment of Integrity Group / management of Integrity Group Risks. 8. Additional Communications with Staff and Public with advice re Cyber Crime and Fraud.	

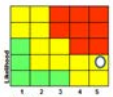| **Proposed Mitigations (with dates)**	**Status**	**Progress Bar**
1. The actions referred to above are progressed by an Integrity Group, which monitors existing risks and identifies any new and emerging risks for SAC .The Group monitors and develops appropriate mitigations. The Chief Executive chairs the group and officers responsible for each key heading report on the risks. Various Service Leads attend and report on their operational areas as they relate to integrity. (ongoing).	▶	90% *Increased from 85%*
2. The reporting process of the risks from Integrity Group to Members is being reviewed. Reporting mechanisms to Members by other authorities is being considered and then a paper will be taken to next integrity group - any good practice that is identified will be implemented (December 2022)	▶	30% *No change*

Risk 5					Risk Title - Adult and Child Protection	Risk Theme – Protection

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner – Director of Health and Social Care and Chief Social Work Officer (CSWO).	1. There are increased levels of hidden harm in our community as a result of Covid and reduced community presence of services. 2. There is a risk of failure to provide adequate protection and the necessary level of support to vulnerable adults and children. 3. There are additional risks facing the HSCP and these are being managed, monitored and reviewed via the HSCP Strategic Risk Register which is reported and scrutinised at the HSCP Performance and Audit Panel.	COVID-19 More complex family and adult needs Quality Assurance Framework has been Absent	Potential harm to clients and vulnerable service users. Potential for litigation, financial loss or reputational damage.	5 x 2 = 10	1.There are monthly Chief Officer Group (COG) meetings to monitor the impact of Covid on public protection matters. 2.There are monthly Public Protection sub groups (Child Protection; Adult Protection; Violence Against Women/Criminal Justice and Alcohol and Drugs Partnership) reporting into COG that are monitoring the operational context and responding in a coordinated way to issues. 3.APC and CPC receive a Covid update at each meeting that charts the response to Covid and actions taken. 4.HSCP Directorate Management Team meets regularly to provide leadership and oversight of response 1. Established governance in place via Clinical and Care Governance 2.APC and CPC meet regularly and review business plans 3.Multi Agency Public Protection Arrangements (MAPPA) including Management Oversight Group and Strategic Oversight Group) are in place and report monthly to COG. 4.The Community Services Oversight Group seeks to support the sector and provide assurance on a range of issues to key local and national stakeholders. 5.Regular updates to procedures and guidance have been shared as national Covid guidance has been published. 6.Initial Referral Data (IRD) activity is now audited monthly to provide scrutiny and assurance in relation to this key activity 7.Adult Support Protection Lead Officer engaging first line managers in developing our response to vulnerable adults 8.CSWO engaging with operational staff in relation to complex cases in both adult and children's services where there are complex risk factors 9. Care First implemented across all children and adult social work teams. 1. New CPC/APC sub group structure now established and the Policy and Performance Sub Group is leading this review work and will report progress at each meeting 2.Governance on new policy and procedure will be via CPC/APC through to COG. 3. Development of Practice Standards in Social Work is in progress to support the policy framework.

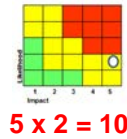| Risk 5	Risk Title - Adult and Child Protection (Continued)		Risk Theme – Protection	
Proposed Mitigations (with dates)			**Status**	**Progress Bar**
1. Develop and implement the quality assurance framework within commissioning, building on COVID-19 additional measures and the work of the Care Home Oversight Group (31.03.22)			✔	100% *Increased form 60%*
2. Full refresh of HSCP strategic and operational risk registers is complete and is now approved by HSCP Performance and Audit Committee. (31.06.21)			✔	100% *Increased from 80%*
3. Recruitment to strengthen commissioning and Chief Officer Social Work teams (31 .03.22)			✔	100% *Increased from 95%*
4. Learning reviews have been commissioned in relation to the ADP, Public Protection and Adult Social Work services that will identify areas for improvement (31.12.22)			▶	80% *Increased from 20%*
5. The ADP Is developing a framework in relation to risk around drug related deaths (31.12.22)			▶	90% *Increased from 25%*
6. The implementation of the transformational work within Children and Families which has been supported by the Council. Belmont family support has been commenced and the implementation of Signs of Safety is progressing in partnership with the National Signs of Safety organisation. (31.12.22)			▶	85% *Increased from 65%*
Further explanation on progress to date in terms of implementation of the above mitigations can be found by cross-referencing to the HSCP Strategic Risk Register . Additional information is also provided within this document on a range of other risks being managed by the Partnership including; Climate Change & Sustainability, Communication and Reputation, External Factors including Contingency Planning, Financial Position, Good Governance, Strategic Planning and Business Resilience, ICT, Population, Premises, Provider Organisations,Service Quality, Workforce Protection and Workforce Capacity and Capability				
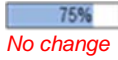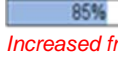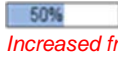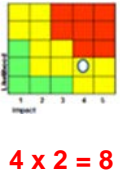
Risk 6		Risk Title - Public and Employee Protection				Risk Theme – Protection
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**		**Current Mitigations**
Accountable – ELT Responsible - CLT Risk Owners – Service Lead – Risk and Safety and Service Lead – Asset Management	1. There is a risk of failure to provide the agreed standards of protection to the Public and Council Employees in line with Scottish and UK Government and Health and Safety Executive legislation and guidance. 2. There is a risk that health & safety risk assessments in some areas may not currently identify adequate mitigations to safeguard employees / service users from hazards such as Violence and Aggression. 3. There is a risk that proposals by Scottish Fire and Rescue Service to reduce response to fire alarms will impact people safety and property protection.	Legislative / SG Guidance change and ambiguity. Budget constraints across Services. Ambiguity around responsib-ilities or inconsistent application of policy. Lack of training.	Accident, incident, injury or ill health to employees /service users. Prosecution and Civil litigation. Damage to Council's reputation. Financial impact of claims, increased insurance premiums or fines.	**5 x 2 = 10**		1. Existing H&S Policies and procedures. Sample H&S Risk Assessments developed for Service use. H&S Guidance prepared and issued. Range of resources, information, links and training on H&S CORE page. 2. Central H&S team undertake H&S Audits and Fire Risk Assessments over a 3 year rolling programme. Risk Assessment self-evaluation process rolled out. 3. The PDR process identifies key H&S training requirements for all Council employees. 4. Healthy Working Lives (HWL) Gold Award re-accredited since 2012). 5. Risk Assessment Training & Support, plus Council Standard and a range of courses on Management of Actual or Potential Aggression, Dealing with Difficult Behaviour, De-escalation etc. 6. V&A measures across services including a Customer Security Officer, Campus Police Officers,'2 to attend' protocols, panic buttons in offices, modifications to office design. 7 Action Plan prepared to address Scottish Fire & Rescue Service protocol change from April 2023.

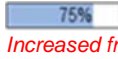| **Proposed Mitigations (with dates)**	**Status**	**Progress Bar**
1. Review and refresh a range of health and safety policies, guidance, sample risk assessments and work procedures. Development of new online health and safety training modules for managers / employees. (March 2023)	▶	20% *New*
2. Asset Management team continue to review and action, based on risk priority, compliance and/or property related issues raised through Fire Risk Assessments, Health and Safety Audits and Vacant Property Inspections. (March 2023).	▶	75% *No change*
3. All duty holders / building managers monitoring and updating outstanding H&S actions via Pentana (March 2023)	▶	85% *Increased from 80%*
4. Utilise self-evaluation method to ensure all Services have identified significant hazards and fully developed their H&S risk assessments – (Internal Audit Action). (ongoing).	▶	75% *Increased from 60%*
5. Working with SFRS to agree alternative solutions to non-attendance of Fire Appliances following automated alarm signals. Action Plan prepared and progressing (March 2023)	▶	50% *Increased from 30%*

SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft July 2022) Appendix 1

Risk 7			Risk Title - Sustainable Development and Climate Change		Risk Theme - Protection	
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Accountable – ELT Responsible - CLT Risk Owner – Service Lead Neighbourhood Services	There is a risk of failure to meet climate change duties, reduce emissions and also support the community to adapt and mitigate risks in relation to climate change. Risk of failure to ensure a just transition and a green recovery.	Services do not necessarily recognise the role they need to play, lack of input and accountability by services leaving key areas inadequately addressed. Decisions and infrastructure while meeting short term goals are currently not fit for the future. Actions in place are currently not fully coordinated across services.	Reduction in emissions not achieved to 1.5 degrees scenario therefore accelerating the pace of climate change. United Nations Sustainable Development Goals not adequately addressed. South Ayrshire may not be climate resilient. Effect may be further detriment to those already disadvantaged, increasing inequalities and exacerbating deprivation. Communities may be unprepared for a low carbon future.	**4 x 2 = 8**	1. Council approved Climate Change Strategy 2. Baseline data on Sustainable Development and Climate Change now assembled to allow future progress to be measured. . 3. Proposals endorsed by the MOWG now agreed at Leadership Panel and assigned for implementation. 4. Carbon budgeting system in place.	

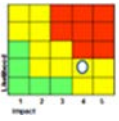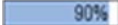| Proposed Mitigations (with dates)	Status	Progress Bar
1. Fully implement Climate Change Strategy (target date 2024, at which point strategy will be reviewed). Mid term review to be undertaken in summer 2022 to ensure delivery of strategy outcomes in a changed landscape, increased national targets and new national duties.	▶	50% *No change*
2. Introduce a mechanism for cross cutting implementation of Strategy by embedding within Council policy making, as well as service planning. (revised to December 2021)	⚠	30% *Increased from 15%*
3. Investigation of scope 3 accounting methodologies for council procurement emissions to complement existing carbon budgeting process. (December 2022)	▶	10% *New*
4. Adopt a net zero buildings policy to delivery on the Council's targets and duties in relation to the existing estate as well as proposed refurbishments and new builds. (December 2021)	⚠	10% *No change*
5. Adopt fleet decarbonisation strategy in line with council policy, targets and duties alongside ULEV infrastructure strategy for both fleet and public charging. (December 2021)	⚠	20% *No change*
6. Assess the Council against Scotland's Adaptation Capability Framework and set out priority actions. (March 2023)	▶	10% *No change*
7. Adopt a green recovery communications plan and climate literacy training plan. (December 2022)	▶	50% *Increased from 20%*

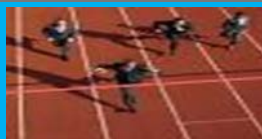# SOUTH AYRSHIRE COUNCIL - STRATEGIC RISK REGISTER (draft July 2022) Appendix 1

Risk 8			Risk Title - Ash Tree Dieback		Risk Theme - Protection
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELTResponsible- Asst Director Place Risk Owner – Service Lead Neighbourhood Services	There is a risk of injury / damage to SAC residents and infrastructure as a result of Ash Dieback – a disease proliferating through SAC woodland. Disease has been identified and is spreading.	Principle cause is the spread of Ash Dieback throughout South Ayrshire /Scotland. Neighbourhood Services is currently not resourced to manage the extent of Ash Die Back.	Potential for fatality / injury to residents / employees. Potential for damage to property, listed structures, headstones, power / phone lines Potential of falling Ash trees/limbs on roads/pavements/ footpaths within public open space and schools and associated obstruction to roads Increased liability to Council in respect of above potential incidents Financial pressure in terms of significant increased expenditure to mitigate risk including costs for replanting, cost of recruiting skilled operatives. Availability of skilled operatives likely to be restricted by market demand - this is a national problem. Potential for increased flooding risks for changes in waterways e.g. banking failures due to tree failure Loss of Ecosystems- air quality, biodiversity loss, increases in noise levels adjacent to roads, loss of visual screens Increased liability and insurance premiums for residents due to property risks. Risk to European protected species (roosts/ food source). Loss of biodiversity of species dependant on Ash	 **5 x 2 = 10**	1.Survey of trees within lands managed by Neighbourhood Services has commenced. 2.Communication with ARA has taken place and regular meetings have been set up. 3.An Ash Dieback Plan is currently being developed

Proposed Mitigations (with dates)	Status	Progress Bar
1. Ash Dieback plan is currently being developed which includes an inspection programme which will roll forward to highlight any ongoing deterioration. It will also contain proposed cost information for full implementation. Plan to be reported to Cabinet for approval by December 2022.		30% *Increased from 20%*
2. On conclusion and approval of above mitigation, a Communication plan will be developed for South Ayrshire area. (December 2022)		20% *Increased from 5%*

Risk 9					**Risk Title - Financial Constraints** **Risk Theme - Resources**
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT

Responsible - CLT

Risk Owner – Head of Finance and ICT | 1. There is a risk to financial resilience during COVID-19 response and recovery.

2. There is a risk that current, planned or expected levels of service cannot be delivered. | COVID-19

Strain on budget as a result of implementation of a range of measures to protect SAC residents and service users.

UK and Scottish Government reductions in funding over a number of years. This is now more significant given the recent Scottish Govt Spending Review.

Impact of inflation on Council cost base. | Incurring additional unbudgeted COVID-19 spend – strain on reserves.

Failure to deliver key services or meet change in service demands. | 4 x 2 = 8 | 1. Annual 2022/23 budget prepared and approved in March 2022.
2. Maintain pressure on Scottish Government to agree settlements which reflect Local Authority needs through participation in CoSLA groups.
3. A ten year Long Term Financial Outlook and three year Medium Term Financial Plan approved by Leadership Panel in October 2021.
4. Annual Treasury Management Strategy prepared, reviewed by A&G panel and approved by Council March 2022. Details credit and counterparty risk.
5. Treasury Management Practices (TMP's) updated annually to reflect Treasury risk such as credit and counterparty risk management, liquidity risk management , interest rate risk management and exchange rate risk management.
6. Covid-19 - Appropriate financial control and authorisation mechanisms remain operational and robust budgetary control maintained to ensure appropriate monitoring of spend
7. Covid-19 - cash reserves remain sufficient to meet immediate cost impact in tandem with SG previous funding announcements.
8. Covid-19 - Initial COVID-19 cost impact assessment through Cost submission to CoSLA – resulted in additional SG funding allocations.
9. Covid-19 – Considerable Scottish Government funding utilised to offset direct Council cost impact/loss of income in 2020/21 and 2021/22.
10. Covid-19 - significant business support package previously put in place by Scottish Government to mitigate impact on business community and community in general.
11. Covid-19 Programme of Recovery Activity 2021/22 to 2022/23 report approved by LP in June 2021 – providing resources (funded by Covid-19 reserves brought forward and 2021/22 SG funding) to meet ongoing impact of pandemic on Council Service provision.
12. 2022-23 Budget approved in March 22 included Covid-19 budgets for continuing loss of income and service expenditure funded from Covid-19 reserves rolled over from 2021-22. |

Proposed Mitigations (with dates)	**Status**	**Progress Bar**
1. Lobby Scottish Government through discussions via CoSLA, Directors of Finance and Solace to ensure required funding continues to be made available to Local Government (ongoing).	▶	90% *Increased from75%*
2. Rolling annual update of three year Medium Term Financial Plan to be implemented (next update due October 2022)	▶	20% *New*
3. Bi annual update of ten year Long Term Financial Outlook to be implemented (next update due October 2023)	▶	0%

Risk 10	Risk Title – Workforce Planning				Risk Theme - Resources
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT

Responsible - CLT

Risk Owner – Assistant Director – People | 1. There is a risk that workforce planning arrangements may not be consistent across Council Services and the recent Best Value Assurance report identified the requirement for the Council to make improvements in relation to workforce planning.

2. A corporate workforce plan is in place which runs to 2022 along with a workforce planning toolkit, released in 2019, to assist services and teams to develop their own workforce plans. However, the guidance and toolkits are not embedded or consistently deployed throughout the Council, and plans do not extend beyond 2022.

3. There is also no identified link between workforce planning and the Council's priorities.

4. There is a risk that workforce recruitment and retention issues are creating pressure on Service delivery in key areas. | No recognised corporate WFP methodology

No identified executive owner/sponsor

Limited data maturity (lack of consistent workforce data provision and collation)

Workforce planning is not specified/referenced within the service planning process | Services may not be delivered effectively or in line with statutory requirements or agreed standards.

Additional unbudgeted spend may be incurred.

Reliance on specialist or external organisations and contractors.

Limited succession planning | *3 x 3 = 9* | 1.A corporate workforce plan is in place which runs to 2022 along with a workforce planning toolkit, released in 2019, to assist services and teams to develop their own workforce plans.

2. A Corporate Working Group has been established (June 2022) to develop a workforce plan for 2022-25 that links to the Council's strategic priorities and improvement areas in relation to Best Value. |

Proposed Mitigations (with dates)	**Status**	**Progress Bar**
1. Develop a workforce plan for 2022-25 that links to the Council's strategic priorities and improvement areas in relation to Best Value. (December 2022)	▶	50%

New |
| 2. The Corporate Leadership team will ensure consistent use of an agreed workforce planning template across services. (December 2022) | ▶ | 50%

New |

Risk 11		Risk Title – ICT Digital Resilience, Protection and Capability			Risk Theme - Resources

Ownership	Potential Risk	Cause	Potential Effect	Risk Score	Current Mitigations
Accountable – ELT Responsible - CLT Risk Owner – Service Lead - ICT	There is a risk that major or widespread ICT failure will adversely affect delivery of Council services. ICT failure risks include non-compliance, failure of business systems, cyber-attack, and failure of ICT equipment.	Lack of corporate ICT planning in a robust and consistent manner. Cyber intrusion. Outdated / obsolete equipment and systems. The Business Continuity Plans of some Services lack effective arrangements for ICT loss.	Inability to provide key services and recover quickly. Reputational damage, financial loss, litigation.	4 x 2 = 8	1. Resilient infrastructure in place with dual data centres, duplicated network communication paths, internet links, and server hardware 2. External contracts established with service providers for technical support and expertise across critical technologies. 3. Existing Disaster Recovery Plan (DRP) in place for critical systems. Discussions remain ongoing with the NHS, EA and SA with regards to potential cross organisation data centre disaster recovery opportunities. 4. A bespoke ICT Risk Register in place, which is subject to review as part of standard operating practice. 5. The Integrity Group meets regularly to consider cyber security issues and develop further mitigations as required. 6. Compliance standards established as part of technology and process governance framework.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Live services will be moved to McCall's Avenue Data, which has enterprise facilities management services, with County Buildings being used for resilience purposes (Dec 2022)	▶	85% *Increased from 10%*
2. Further engagement with partner authorities is required in relation to Data Centre DR plans. Further reviews of the ICT Business Continuity Plan (BCP) post COVID-19 are also required, to ensure responses for loss of all key ICT Business Systems and Infrastructure are considered and mitigated. (Dec 2022). Works delayed due to pandemic.	▶	60% *No change*
3. ICT continue to work with a Cyber Security partner to assess and improve the overall security of the Council's ICT infrastructure. ICT have introduced a Security Operations Centre (SOC) to monitor and respond to any evidence of compromise. Egress Defend has also been introduced to alert/protect against phishing emails. Looking to apply for Cyber Essentials and PSN accreditation late summer 2022. (Sept 2022)	▶	75% *Increased from 50%*
4. All Service BC plans to include arrangements for resilience in respect of ICT failure –engagement with service areas will occur as it is likely that BC plans will require to change as result of the pandemic. (December 2022). Works delayed due to pandemic.	▶	85% *No change*
5. ICT Asset Management function being established to ensure currency of technology assets is maintained. Rolling replacement plans are in place for a number of technology towers. Works to formally document an asset management plan now scheduled for completion by Dec 2022 and will be documented in the 2021/22 ICT Service Improvement Plan. Works delayed due to pandemic.	▶	95% *Increased from 90%*

Risk 12		Risk Title – Management of Assets				Risk Theme - Resources
Ownership	**Potential Risk**		**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**
Accountable – ELT Responsible - CLT Risk Owner – Service Leads – Asset Management and Professional Design Services	1. There is a risk that required physical modifications to Council Buildings will take time and additional resource to implement in light of Government Guidance on physical distancing and prevention of COVID-19 virus spread. All Council Buildings are affected by this if Council is to ensure recovery from pandemic and return to 'new normal'; including Office Spaces, Education establishments, Depots, Customer Contact Centres, Leisure facilities etc. 2. There is a risk that all Council premises will not reopen fully following COVID-19 and a review of the Asset Management Plan will need to consider further Asset Rationalisation. 3. There is a risk of delay to projects to projects within the General Services capital programme due to hyperinflation of construction costs which could impact on deliverability of the programme. 4. There is a risk that Energy projects, for example LED lighting, that help to reduce the Council's carbon footprint are delayed leading to an inability to achieve some of the outcomes detailed in the Council's Sustainable Development and Climate Change Strategy.		COVID-19	Impact on efficient recovery of Council services. Failure to deliver Asset Management Plan. Project delay or additional costs. Adverse incidents and compliance failure. Damage to Council's reputation.	**3 x 2 = 6**	1. SAC Recovery Plan developed which provides a prioritised list of returning Services / Premises and is subject to Chief Officer Recovery Group approvals. 2. Property Project Team appointed to progress building assessments, agree occupancy levels and implement required physical reconfigurations within Council operational premises. 3. Professional Design Services to continue to monitor construction costs and contractor's ability to progress and deliver works. 4. Design work on energy projects has continued to ensure that some projects were able to commence once Scottish Government restrictions were eased.

Proposed Mitigations (with dates)	Status	Progress Bar
1. Property Project Team continue to work with the Future Operating Model Implementation Group to ensure recovery to offices in line with new working arrangements is achieved. (Sept 2022)	▶	50% *Increased from 25%*
2. Review Asset Management Plan (AMP), consult with stakeholders and Chief Officers prior to submitting to Council for approval. (March 2022). The AMP was not reviewed in March 2022. It requires to take into account the Transforming our Estate Report and Future Operating Model. A new proposed date for the review of the Asset Management Plan (Land and Buildings) is March 2023.	▶	30% *Increased from 25%*
3. There is a commitment to fully review the General Services Capital programmes (March 2022). The General Services Capital Programme was reviewed as part of the Council's budget setting process, resulting in a new 12 year capital plan being approved by South Ayrshire Council on the 3rd March 2022. Ongoing review will take place through quarterly monitoring reports to Cabinet.	▶	50% *New*
4. A number of Energy projects have commenced, whilst design work for future projects is also continuing (April 2022)	▶	40% *Increased from 25%*

Guidance - Recording Risks

Risk No. x			Risk Title - xxxxx		Risk Theme – Resources / Protection / Governance	
Ownership	**Potential Risk**	**Cause**	**Potential Effect**	**Risk Score**	**Current Mitigations**	
Who is accountable and responsible for managing the risk	What could go wrong?	What may have caused this risk?	Possible outcomes or adverse effects?	 3 x 3 = 9	What is already in place to manage the risk?	
S	**A**	**M**	**P**	**L**	**E**	

Proposed Mitigations (with dates)	Status	Progress Bar
1. What is planned to mitigate the risk further? (and when it is due to be completed) \<enter date\>		33% *Increased from…?*

A status icon (Figure 3) is displayed along with a calculation from Risk Owners on percentage completion of the mitigating actions.
This information is closely scrutinised by Chief Officers via CLT and Elected Members through the Audit and Governance Panel and Cabinet and this assists in determining decisions on reducing or increasing risk ratings utilising the matrix at Figure 1.
New risk identification is considered against a broad range of risk types and these are represented at Figure 2.
Risk types are cross-cutting and not considered in isolation.
Further explanation of SAC Council Risk Management Methodology is available within the Corporate Risk Management Strategy

Fig 1

Risk Themes		
Governance	Protection	Resources
Risk Rating		

Impact		x	Likelihood	
1	Minor		1	Unlikely
2	Moderate		2	Possible
3	Major		3	Likely
4	Critical		4	Very Likely
5	Catastrophic		5	Almost Certain

Fig 2

Fig 3	Status
✔	Completed
▶	On Target
⚠	Not on target – some concerns
🛑	Not on target – major concerns
⚙	Not yet started

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South Ayrshire Council

**Report by Chief Executive
to Audit and Governance Panel
of 7 September 2022**

Subject: Equalities

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1.   Purpose

1.1   The purpose of this report is to request that the Panel considers a proposal for the way forward when dealing with equalities matters.

2.   Recommendation

2.1   It is recommended that the Panel:

2.1.1   notes the contents of this report and requests that the Equality and Diversity Forum bring forward proposed improvements to Cabinet; and

2.1.2   requests that the role and remit of the Equality and Diversity Forum is updated to reflect the Council's obligations under the Fairer Scotland Duty.

3.   Background

3.1   As part of discussion of the item relating to Delivering Good Governance – 2021/22 Assessment at the Audit and Governance Panel of 22 June 2022, Members commented :

> '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'

and requested that the Chief Executive submit a proposal to the appropriate Panel for the way forward when dealing with equalities matters.

3.2   During discussion of the item relating to South Ayrshire Charitable Trust at Council on 29 June 2022, Members also requested that the Chief Executive produce a report on the options available in relation to Equality Impact Assessments.

3.3 The Equality Act 2020 came into force in April 2021 introducing a new Public Sector Equality Duty (PSED) (often referred to as the 'general duty') that requires the Council in the exercise of their functions to have 'due regard' to the need to:

  1. Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;

  2. Advance equality of opportunity between those who share a protected characteristic and those who do not; and

  3. Foster good relations between those who share a protected characteristic and those who do not.

3.4 Supplementary legislation was introduced by the Scottish Government in 2012 (the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012). This legislation was introduced with the purpose of enabling better performance of the PSED contained in s149 (1) of the Equality Act 2010.

3.5 The Fairer Scotland Duty, (FSD) Part 1 of the Equality Act 2010, places a legal responsibility on the Council to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions.

3.6 Further background information and roles and responsibilities of Members and officers in respect of the legislative requirements is attached at Appendix 1.

3.7 The Council established an Equality and Diversity Forum in 2010 comprising Elected Members, stakeholders/ voluntary organisations and Council officers. A network of Equality Champions offer local support and information to their Directorates.

3.8 Training on equalities and diversity is provided to staff through a mandatory course on COAST and a recent training session was delivered to Elected Members.

3.9 Reports submitted to Cabinet and Council include a section on Equalities and officers require to insert one of the following statements dependent on the significance of the equality impacts and the requirement for mitigating actions:

  a. 'The proposals in this report have been assessed through the Equality Impact Assessment Scoping process and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an EIA is not required.

  A copy of the Equalities Scoping Assessment is available as Appendix XXX

  Or

  b. 'An Equalities Impact Assessment has been carried out on the proposals contained in this report which identifies potential positive and negative equality impacts and any required mitigating actions. The EIA is attached as Appendix XXX.

3.10   Draft Equality Scoping and Equality Impact Assessments are shared with the Equalities Team as part of the report clearance process.

3.11   Once Council/ Cabinet has taken their decision on a proposal, a copy of the Equality Impact Assessment Scoping Document or Full Equality Impact Assessment must be published on the Council's website as this is a statutory requirement.

4.   Proposals

4.1   Members are asked to consider the arrangements currently in place and ask the Equality and Diversity Forum to review these arrangements and make recommendations for improvement to Cabinet.

4.2   Members are also asked to request that the role and remit of the Equality and Diversity Forum is updated to reflect the Fairer Scotland Duty

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 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 Commitments 1 and 2 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness; and Closing the Gap/ Reduce poverty and disadvantage.

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 Alec Clark, Portfolio Holder for Tourism and Rural Affairs, and the contents of this report reflect any feedback provided.

Background Papers	**Audit and Governance Panel – 22 June 2022 – Draft Minutes** **(item 10, page 7)**
	Report to Leadership Panel of 22 August 2017 - Equality and Diversity Forum Role and Remit Update
Person to Contact	**Eileen Howat, Chief Executive** **County Buildings, Wellington Square, Ayr, KA7 1DR** **Phone 01292 612612** **E-mail eileen.howat@south-ayrshire.gov.uk**

Date: 26 August 2022

Background

The Equality Act 2010 came into force in April 2011 introducing a new Public Sector Equality Duty (PSED) (often referred to as the 'general duty') that requires the Council in the exercise of their functions to have 'due regard' to the need to:

1. Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct

2. Advance equality of opportunity between those who share a protected characteristic and those who do not; and

3. Foster good relations between those who share a protected characteristic and those who do not.

Protected Characteristics

The legislation requires that people are not discriminated against, harassed or victimised on the grounds of their 'Protected Characteristic'. The nine Protected Characteristics are:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race – including ethnic or national origin, nationality and Gypsy/Travellers
- religion or belief (including lack of belief)
- sex
- sexual orientation

Supplementary legislation was introduced by the Scottish Government in 2012 (the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012). This legislation was introduced with the purpose of enabling better performance of the PSED contained in s149 (1) of the Equality Act 2010. This supplementary legislation requires Local Authorities to be proactive in meeting the 'general duty' and including the duty to equality impact assess (EIA) all:

- policies
- strategies
- procedures
- processes
- financial decisions (this includes proposals to outsource or procure any of the functions of an organisation)
- the full range of functions, and
- activities (including service delivery)

both new and at review, that affect the Council's communities and employees i.e. potentially anything the Council does. It is important to note that the impact and relevance of a policy does not just depend on the number of those people and groups who are affected, but also by the significance of the effect on them.

To meet the duty to give 'due regard' to the equality duty, an equality impact assessment should be undertaken at the **start** of proposed activities, procedures and processes etc. being planned, developed and reviewed. The EIA process also ensures that any unintended actual or potential

unlawful discrimination is prevented before it is presented to Panel. Therefore, it is not acceptable to prepare an EIA merely to meet the Panel Report timetable.

Similarly, equality impact assessments must not be retrospectively completed, as this would render any decision on a proposal requiring an EIA unlawful, as demonstrated by recent case law.

Fairer Scotland Duty (Socio-economic disadvantage)

Further information relating to the Fairer Scotland Duty can be found here:
Fairer Scotland Duty: guidance for public bodies - gov.scot (www.gov.scot)

The Fairer Scotland Duty, (FSD) Part 1 of the Equality Act 2010, places a legal responsibility on the Council to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage when making **strategic** decisions.

This duty gives us an opportunity to do things differently and put tackling inequality genuinely at the heart of key decision making.

In broad terms, 'socio-economic disadvantage' means living on a low income compared to others in Scotland, with little or no accumulated wealth, leading to greater material deprivation, restricting the ability to access basic goods and services. Socio-economic disadvantage can be experienced in both places and communities of interest, leading to further negative outcomes such as social exclusion. Disadvantage can also arise depending on your social class; this is more difficult to measure and will require further consideration.

In summary, socio-economic disadvantage is focused on:

- **low income** - cannot afford to maintain regular payments such as bills, food, clothing

- **low 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 and hobbies

- **area deprivation (including communities of interest and communities of place)** - where you live, where you work, visit or spend a continuous amount of time can all have an impact i.e. rural areas, accessibility of transport, education and employment impact, people who have experienced homelessness and / or the asylum system, those who share an identity and / or a Protected Characteristic

- **Socio-economic background** – disadvantage that can arise from parents' education, employment and income – social class in other words.

Roles and Responsibilities

It is the responsibility of officers to provide as full information on potential positive and negative equality impacts to Elected Members as necessary, to ensure that they can meet their statutory responsibility, to give due regard to equality and diversity within the decision making process.

All proposals being submitted for approval by Panel or Full Council should have one of the following signed off by Service Leads.

a. a completed equalities scoping document (which details the rationale for not proceeding to completion of an EIA), or

b. a full equality impact assessment (EIA)

Executive Managers/Service Leads will then satisfy themselves that Panel reports include adequate access to the accompanying Scoping Document or EIA.

It is the responsibility of Elected Members to satisfy themselves that the information provided within Equalities Scoping Documents or Full Equality Impact Assessments are sufficiently robust and given appropriate weighting in decision-making processes, in order to ensure appropriate consideration is given to the potential equality impacts of the proposals before them for approval, and to act on the findings of the impact assessments.