

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 28 June 2023 at 10.00 a.m.

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

Present
Remotely: Councillors Kenny Bell and Mary Kilpatrick.

Apology: Councillor Chris Cullen.

Attending in
County Hall: E. Howat, Chief Executive; J. Bradley, Director of Strategic Change and Communities; C. Caves, Head of Legal and Regulatory Services; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; K. Anderson – Service Lead – Policy, Performance and Community Planning; C. McGhee, Chief Internal Auditor; L. Kerr, Service Lead – Destination South Ayrshire; K. Copland, Senior Accountant/Senior Finance Officer; A. Kerr and F. Mitchell-Knight, Audit Scotland; A Gibson, Committee Services Officer; and E. Moore, Clerical Assistant.

Attending
Remotely: G. Hunter, Assistant Director – Communities; T. Eltringham, Director of Health and Social Care; T. Burns, Service Lead – Asset Management and Community Asset Transfer; J. Christie, Information and Data Compliance 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.

Variation in Order of Business.

In terms of Council Standing Order No 13.3, the Panel agreed to vary the order of business as hereinafter minuted.

1. Sederunt and Declarations of Interest.

The Chair called the Sederunt for the meeting and having called the roll, confirmed that there were no declarations of interest by Members in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Call-ins from Cabinet.

The Panel noted that there were no call-ins from Cabinet of 20 June 2023.

3. Minutes of Previous Meeting.

The Minutes of the meeting of 31 May 2023 ([issued](#)) were submitted and approved.

4. Action Log and Work Programme.

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

Having heard the Chief Executive, the Panel

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

External Audit Reports.

5. External Audit Reports – Progress to 31 March 2023.

There was submitted a report ([issued](#)) of 16 June 2023 by the Head of Finance, ICT and Procurement providing an update on the progress that the Council was making in relation to external audit improvement actions.

The Panel

Decided:

- (1) to note the progress against the Council's external audit improvement actions, as presented in the report; and
- (2) to agree that the deadline date for the action listed in Appendix 1 of the report, which was still outstanding, be continued until 31 December 2023, to allow discussions to conclude.

6. Best Value Thematic Work in South Ayrshire Council 2022/23.

There was submitted a report ([issued](#)) of 19 June 2023 by the Chief Executive advising of the initial findings from Audit Scotland's recent Best Value thematic work in South Ayrshire.

Having heard the Chief Executive introduce the report, F. Mitchell-Knight, Audit Scotland gave a background to the report and amongst other things, listed the key messages arising from the report; advised that the Accounts Commission had asked Audit Scotland to address the issue of inequalities; and that the report laid out where leadership had made progress and also where improvements were required.

A Member of the Panel advised that in relation to Sustainability, Climate Change and Biodiversity, as detailed in Appendix 1 of the report, we needed to consider improved reporting.

After a Member of the Panel raised the issue of self-assessment, F. Mitchell- Knight, Audit Scotland advised that she was disappointed that self-evaluation was focussed on individual services within the Council and there was a lack of a corporate approach.

A Member of the Panel advised that he would have liked to have seen more emphasis around the culture of the organisation in the report. He also advised that, in his view, the role of scrutiny in this Council was seen to be problematic, that there should be peer evaluation and 360 evaluation in the Council; that appropriate resources should be built around things that matter; and that the Chief Executive should be responsible for Best Value. F. Mitchell-Knight, Audit Scotland advised that Best Value was a collective responsibility of all – elected members and officers and that scrutiny as a key development of a Performance Management framework was crucial. She also indicated that scrutiny was key to challenging Council decisions and noted that Service Plans would be considered at a Council meeting the day following this meeting.

The Head of Legal and Regulatory Services advised that scrutiny had been key in this Council and that the Chief Executive had recently written to all members emphasising the importance of scrutiny, that scrutiny induction training had taken place, and that a further scrutiny training session by the Improvement Service was being arranged.

Having heard a Member of the Panel, the Panel adjourned to allow a Member to discuss with officers, the terms of a proposed Motion.

Upon reconvening, the Service Lead - Democratic Governance read out the terms of the Motion as detailed at (3) below.

In terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Panel moved to a vote undertaken for or against the Motion. Four Members voted for the Motion and three Members against and the Panel

Decided:

- (1) to note the draft Audit Scotland report on Best Value thematic work in South Ayrshire Council 2022/23, as detailed in Appendix 1 of the report);
- (2) to note the draft improvement action plan included in Appendix 1 of the Audit Scotland report;
- (3) to recommend to the Best Value Working Group who will complete a report to Cabinet in August 2023, the following:-
 - (a) a detailed work and action plan to support the tracking of strategic priorities;
 - (b) that leadership decision making and consultation were supported by robust evidence and rationale;

- (c) that the P.I. Framework was fit for purpose, be kept up to date monitored and evaluated and presented/reported in different formats with a particular focus on public reporting; and
- (d) that the Appointments and Appraisal Panel consider how they monitor officer performance against Best Value and the Best Value Working Group consider how elected member contribution was monitored.

7. **Delivering Good Governance - 2022/23 Assessment.**

There was submitted a report ([issued](#)) of 16 June 2023 by the Head of Legal and Regulatory Services regarding the review the 2022/23 year-end assessment against the Council's Delivering Good Governance Framework.

The Service Lead – Democratic Governance gave a background and update to the report.

A Member advised that, in the spirit of self-evaluation and in relation to page 15 of Appendix 1, where it stated that “All Panel and Council reports include ‘Risk Implications of Accepting or Rejecting Recommendations’”, should a sample of these be reviewed to see if they were being used successfully, the Chief Executive advised that she would take this on board.

Having heard an unopposed motion to agree the 2022/23 year-end assessment as set out in Appendix 1 of the report and that the Chief Executive take on board the request detailed in the paragraph above, a Member requested a roll-call.

The Service Lead – Democratic Governance called the roll as follows:-

Councillor Henderson – for the Motion
 Councillor Bell – for the Motion
 Councillor Kilpatrick – for the Motion
 Councillor McGinley – for the Motion
 Councillor Ramsay – for the Motion
 Councillor Scott – for the Motion
 Councillor Weir – for the Motion

Consequently, the Panel

Decided: to agree

- (1) the 2022/23 year-end assessment as set out in Appendix 1 of the report; and
- (2) that the Chief Executive would undertake a review to ascertain if the risk implications detailed in Council/ Panel reports were being used successfully.

8. Internal Audit Annual Report 2022/23.

There was submitted a report ([issued](#)) of 16 June 2023 by the Chief Internal Auditor

- (1) presenting the annual report on the internal audit activity during 2022/23; and
- (2) 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 2023.

Having heard the Chief Internal Auditor provide a background to the report, a Member of the Panel enquired if there was anything useful to be gleaned from the actions arising as listed, the Chief Internal Auditor advised that all the actions arising out of audits would be considered when carrying out audits in other areas.

The Panel

Decided: to note the contents of the report.

9. Annual Accounts 2022/23.

There was submitted a report ([issued](#)) of 20 June 2023 by the Head of Finance, ICT and Procurement presenting the unaudited Annual Accounts for the year ended 31 March 2023 ('the unaudited Accounts').

Having heard the Service Lead – Corporate Accounting in relation to the report and following question from a Member of the Panel, it was agreed that the Service Lead – Corporate Accounting would provide Members with details of Common Good transactions.

In relation to Appendix 1, Note 31 "Accounting standards issued not adopted" and having heard a Member ask what the phrase "no material impact" referred to, the Service Lead – Corporate Accounting advised that it was a matter that may have had an impact but that it was not expected to be material.

The Panel

Decided:

- (1) to approve the accounting policies as contained in Appendix 1 to be used in preparing the 2022/23 Annual Accounts;
- (2) to note the unaudited Annual Accounts as detailed Appendix 1 of the report, noting that all figures remain subject to audit;
- (3) to note the unaudited Charitable Trust Accounts, as detailed in Appendix 2 of the report and that all figures remained subject to audit; and
- (4) to request the Head of Finance, ICT and Procurement to report back to the Panel following completion of the audit.

10. Corporate Lets.

There was submitted a report ([issued](#)) of 16 June 2023 by the Director of Strategic Change and Communities providing an annual update in relation to requests for discretion to be applied to let charges from 1 April 2022 31 March 2023.

Having heard Members of the Panel, it was agreed that more information be given in future reports relating to:- the reasons around the Approved Discretion Applications being clearer; more evidence around why particular applications were rejected; the criteria used for approving applications; and a list of the premises that had been let.

The Panel

Decided: to note the contents of the report.

11. Treasury Management Annual Report 2022/23.

There was submitted a report ([issued](#)) of 16 June 2023 by the Head of Finance, ICT and Procurement 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 2022/23.

Having heard the Service Lead – Corporate Accounting in further explanation of the report, he responded to a Member in giving further detail as to paragraph 4.4 of the report. The Senior Accountant further advised that any borrowing undertaken was at the best rate that could be secured to minimise the cost of the loans taken on. The Service Lead – Corporate Accounting advised that controls were in place to minimise risk in relation to future banking sector volatility that may affect Council investments.

Having considered the Annual Treasury Management Report 2022/23, as detailed in Appendix 1 of the report, the Panel

Decided: to remit the Annual Treasury Management Report to the next Cabinet meeting, scheduled to take place on 22 August 2023 for approval.

12. Closing Remarks.

In light of Councillor Henderson's imminent retirement as a Councillor and as this was his last meeting of this Panel, various Members wished him well for the future. Councillor Henderson responded in suitable terms.

The meeting ended at 11.45 a.m.