

AUDIT AND GOVERNANCE PANEL.

Minutes of a hybrid webcast meeting on 22 March 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 Kenneth Bell, Chris Cullen and Mary Kilpatrick.

Also Present
in the County
Hall:

Councillor Ian Cavana.

Also Present
Remotely:

Councillor Martin Dowey.

Attending in
County Hall:

E. Howat, Chief Executive; M. Newall, Depute Chief Executive and Director of Housing, Operations and Development; J. Bradley, Director of Strategic Change and Communities; T. Baulk, Head of Finance, ICT and Procurement; C. Caves, Head of Legal and Regulatory Services; W. Carlaw, Service Lead – Democratic Governance; T. Simpson, Service Lead – Corporate Accounting; C. McGhee, Chief Internal Auditor; C. Boyd, Service Lead – Risk and Safety; K. Anderson, Service Lead – Policy, Performance and Community Planning; S. MacMillan, Project Implementation Co-ordinator; A. Kerr, F. Mitchell-Knight and G. McNally, Audit Scotland; A. Gibson, Committee Services Officer; and E. Moore, Committee Services Assistant.

Attending
Remotely:

T. Eltringham, Director of Health and Social Care; L. Reid, Assistant Director – Strategic Change; G. Farrell, Service Lead – Organisational Development and Customer Services; and J. Andrew, Co-ordinator (Organisational Development, Change and Development).

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

Exclusion of press and public.

The Panel resolved, in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, that the press and public be excluded during consideration of the following item of business on the grounds it involved the likely disclosure of exempt information in terms of paragraph 8 of Part 1 of Schedule 7A of the Act.

At this point, the live broadcast and recording of the meeting was paused.

2. Call in from Cabinet of 14 March 2023 – “Arran Mall Update”.

Reference was made to the Minutes of the Cabinet of 14 March 2023 (Page 4, paragraph 11) when the Cabinet had decided

- (1) to approve Officers to act in terms of Option 3, with delegated power to act in terms of Option 1 in the event that agreement on Option 3 cannot be reached with the sellers; and
- (2) to request that Officers provide a further report setting out proposals for the development of the site.

The Panel was advised that the report had been the subject of a call-in (Members only), details of which were outlined by Councillor Craig Mackay when he introduced and spoke to the call-in.

Concern was expressed that no member of the Cabinet came forward to speak on their decision and the Chief Executive advised that she would address this issue for future call-ins considered at this Panel.

A full discussion took place in relation to the terms of the call-in.

Questions were raised by Panel Members and by Councillor MacKay and answers were provided by officers. The Chief Executive reminded members that discussion should focus on the decision called in and not any other matters in respect to the Leisure Centre or future use of the site. The Head of Legal and Regulatory Services undertook to provide a response in writing to Councillor MacKay detailing the information provided to members in reports prior to the decision that was taken by members not to proceed with the building of the sports centre.

The Chair then outlined the options open to the Panel when considering this call-in.

The Panel adjourned to allow a Member of the Panel the opportunity to discuss the terms of a proposed Motion with officers.

Upon reconvening and in terms of Standing Order No. 19.9, there was no general agreement to the unopposed motion, therefore, the Panel moved to a vote for or against the Motion.

The Panel

Decided: to recommend to Cabinet that they amend the existing recommendation 2.1.3 in the report to Cabinet of 14 March 2023 headed Arran Mall Update and substitute it with the following :-

2.1.3 agree officers are granted authority to seek a response from the sellers in relation to option 3 with a report in relation to option 3 to Cabinet on 25 April 2023 if they are willing to negotiate and failing which officers will conclude the Agreement in terms of Option 1 immediately.

At this point, the live broadcast and recording of the meeting was re-started and the meeting was again open to the public.

3. Minutes of Previous Meeting.

The Minutes of the meeting of 22 February 2023 ([issued](#)) were submitted and approved. In relation to item 6 of the Minutes "Museums Store Control Internal Audit Report" and having heard the Chief Internal Auditor, it was noted that the four high risks identified were programmed into next year's Audit Plan and progress would be reported in her next quarterly report to this Panel.

4. 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, ICT and Procurement provided the Panel with an update of the status of the Action Log and Work Programme outlining that there were no outstanding actions at present.

The Panel

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

5. Proposed Internal Audit Plan 2023/24 (including Annual Review of Internal Audit Charter).

There was submitted a report ([issued](#)) of 13 March 2023 by the Chief Internal Auditor seeking approval for

- (1) the proposed Internal Audit Plan and reserve list for 2023/24; and
- (2) the revised Internal Audit Charter.

The Chief Internal Auditor gave a background to the contents of the report.

A full audit programme was welcomed with key areas having been identified. It was also noted that the acronym NFI used within the report was the National Fraud Initiative.

The Panel

Decided: to approve

- (a) the annual audit plan for 2022/23, as detailed in Appendix 1 of the report;
- (b) the reserve list for 2022/23, as detailed in Appendix 2 of the report; and
- (c) the updates of the Internal Audit reporting line and links to the Public Sector Internal Audit Standards in the Internal Audit Charter, as detailed within Appendix 3 of the report.

6. **Annual Audit Plan 2022/23.**

There was submitted a report ([issued](#)) of 13 March 2023 by the Head of Finance, ICT and Procurement providing background to Audit Scotland's Annual Audit Plan 2022/23 (the Audit Plan).

The Service Lead – Corporate Accounting introduced A. Kerr and F. Mitchell–Knight from Audit Scotland who would present the contents of the report. It was noted that this was the first year that Audit Scotland were the Council's external auditors with the appointment extending to the financial year 2027/28.

A. Kerr and F. Mitchell–Knight from Audit Scotland presented their Annual Audit Plan. It was noted there was, at present, a challenging financial environment within this Council, as well as other public sector organisations. It was also noted that if Members were aware of any fraud or expected fraud throughout the year, they should bring it to the attention of Audit Scotland.

A Member of the Panel advised that there was a focus on leadership and noted that Best Value would be incorporated into the Audit Plan. F. Mitchell-Knight, Audit Scotland explained how this would be achieved with local intelligence coming from the local audit teams who would play a major part in this.

Following a Member of the Panel advising of the good progress being made in relation to Fraud Initiatives within the Council, the Chief Executive advised that she would ensure that staff were aware of the process of reporting concerns relating to fraud.

Following a comment from a Member of the Panel, it was noted that Audit Scotland would be a visible entity and contactable and that this was evident in their attendance at today's meeting.

The Panel

Decided: to agree the 2022/23 Annual Audit Plan, as detailed in Appendix 1 of the report.

7. **Best Value Action Plan 2021-22 – Update.**

There was submitted a report ([issued](#)) of 13 March 2023 by the Director of Strategic Change and Communities detailing progress made in delivering the actions identified in the Best Value Assurance Report - Action Plan 2021-22.

The Service Lead – Policy, Performance and Community Planning gave a background to the contents of the report.

Having heard a Member of the Panel, assurances were given that various actions listed were now complete.

A Member of the Panel advised that the new Council Plan should dovetail to what had gone before, as some of the work which had been undertaken in the past should be continued.

Following a Member of the Panel referring to recommendation 5 of the Action Plan “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)”, it was noted, having heard the Director of Strategic Change and Communities, that analytical work would be undertaken by the Officers’ Group.

Having scrutinised the content of the Best Value Action Plan 2021-22 update report and noted the need for the most up-to-date information to be reported, the Panel

Decided: to note

- (1) the progress through the narrative, as detailed within Appendix 1 of the report; and
- (2) the fieldwork being undertaken by Audit Scotland in relation to a thematic audit of the Council’s Leadership.

8. **Strategic Risk Management.**

There was submitted a report ([issued](#)) of 13 March 2023 by the Head of Legal and Regulatory Services providing an update on the reviewed Strategic Risk Register, as detailed in Appendix 1 of the report, in line with the agreed reporting framework.

The Service Lead – Risk and Safety gave a background to the contents of the report.

Having heard a Member of the Panel enquire if risks could be modified due to changing situations with the most important ones being highlighted, the Service Lead – Risk and Safety advised that an example of this in practice was the recent report considered at the Council’s Cabinet relating to Ash Dieback.

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

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

The meeting ended at 11.55 a.m.

DRAFT