

Audit and Scrutiny Committee  
30 May 2023

At a Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.00 a.m. involving a combination of participation by remote electronic means and physical attendance within the Council Chambers, Irvine.

**Present (Physical Participation)**

John Bell, Donald Reid, Eleanor Collier, Cameron Inglis and Matthew McLean.

**Present (Remote Participation)**

Tom Marshall and Davina McTiernan.

**In Attendance (Physical Participation)**

C. Hatton, Chief Executive; R. McCutcheon, Executive Director (Place); C. Cameron, Director, P. Doak, Head of Service (Finance and Transformation) and E. Stewart, Senior Manager (Children, Families and Justice) (Health and Social Care Partnership); A. McClelland, Head of Service (Education) and R. Leith, Head of Service (Connected Communities) (Communities & Education); M. Boyd, Head of Service (Finance), L. Miller, Senior Manager (Audit, Fraud, Safety and Risk), D. Forbes, Senior Manager (Financial Management) (Finance), F. Walker, Head of Service and B. Quigley, Senior Manager (People & ICT), and A. Craig, Head of Service (Democratic), and D. McCaw and H. Clancy, Committee Services Officers (Chief Executive's Service).

**Also in Attendance (Physical Participation)**

D. Jamieson, Audit Scotland.

**Chair**

Councillor Bell in the Chair.

**Apologies**

Ian Murdoch and John Sweeney.

**1. Declarations of Interest**

There were no declarations of interest by Members in terms of Standing Order 11 and Section 5 of the Code of Conduct for Councillors

**2. Minutes**

The Minutes of the Meeting of the Audit and Scrutiny Committee held on 28 March 2023 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

### **3. Code of Corporate Governance Statement 2022/23**

Submitted report by the Head of Democratic Services on the Code of Corporate Governance Statement 2022/23, which outlined how the Council ensured good governance and transparent accountability for delivering the desired outcomes for service users and communities. The Statement was set out in full at Appendix 1 to the report.

The Committee agreed to approve the Code of Corporate Governance Statement 2022/23, as outlined at Appendix 1 to the report.

### **4. Annual Governance Statement 2022/23**

Submitted report by the Head of Service (Finance) on the Council's Annual Governance Statement for 2022/23 for inclusion within the draft Annual Accounts. The Annual Governance Statement, detailed in full at Appendix 1 to the report, outlined the main components of the governance framework in place, changes which had been made to the framework during 2022/23, and improvement actions planned during 2023/24.

The Committee agreed to approve the draft Annual Governance Statement as detailed at Appendix 1 to the report.

### **5. Accounting Policies 2022/23**

Submitted report by the Head of Service (Finance) on the accounting policies which would be adopted in the preparation of the Council's Annual Accounts for the year to 31 March 2023. The draft Accounting Policies proposed for adoption were detailed at Appendix 1 to the report.

Members asked questions and were provided with further information in relation to:-

- items with an inherent value of nil and how these complied with accounting code; and
- the process followed regarding service concession items featured in accounting policies.

The Committee agreed to approve the Accounting Policies as detailed in Appendix 1 to the report.

### **6. Strategic Risk Register 2023/24**

Submitted report by the Head of Service (Finance) on the Council's agreed Strategic Risk Register for 2023/24. The Strategic Risk Register Report 2023/24, with detailed actions, was provided at Appendix 1 to the report.

Members asked questions and were provided with further information in relation to:-

- the delay to the implementation of the National Care Service, and managing risk around any potential impact on the Council's resources;

- ongoing engagement and consultation in terms of Stage 1 of the National Care Service (Scotland) Bill;
- current funding provisions, and associated financial stability concerns;
- the financial environment risk reflecting the ongoing challenge faced by the Council;
- control measures to identify pressures and required savings levels;
- adjustments in terms of the climate change risk and associated review of content, mitigations and scoring;
- recent changes to the Deposit Return Scheme and awareness of any subsequent impact on Council service delivery;
- key considerations in determining ongoing updates to the Strategic Risk Register;
- lessons learned and future improvements for participatory budgeting events;
- volunteer recruitment challenges faced by community groups; and
- a review on the effectiveness of the participatory budgeting process with a follow-up report to a future Committee on lessons learned and suggested improvements.

The Committee agreed (a) that the Head of Service (Connected Communities) (i) carry out a review of the participatory budgeting process and (ii) provide a follow-up report to a future meeting of the Committee on lessons learned and suggested improvements to the process; and (b) otherwise, to note the report.

## **7. Internal Audit Annual Report 2022/23**

Submitted report by the Head of Service (Finance) on the work of Internal Audit during 2022/23 and providing an opinion on the governance, risk management and internal control environment of the Council. The Annual Report 2022/23, together with a statement on internal controls, was detailed at Appendix 1 to the report.

The Committee agreed to note (i) the content of the annual report detailed at Appendix 1 to the report and (ii) the opinion of the Senior Manager on the Council's governance, risk management and internal control environment.

## **8. Corporate Fraud Team Annual Report 2022/23**

Submitted report by the Head of Service (Finance) on the work of the Corporate Fraud Team during 2022/23, where 357 referrals for investigation had been received.

The Senior Manager (Internal Audit, Risk and Fraud) highlighted investigations which had been carried out across a range of areas, including employee-related matters as well as Council Tax, Discretionary Housing Payments, Scottish Welfare Fund, Blue Badges and Housing tenancy issues. The Committee was advised of joint working arrangements with the DWP Single Fraud Investigation Service (SFIS) in cases where there were suspected frauds relating to both DWP Benefits and Council Tax Reduction.

The Senior Manager also referred to the biennial National Fraud Initiative (NFI) work involving matching of relevant datasets across public bodies to identify possible fraud or error for further investigation. The exercise would be completed by March 2024 with outcomes reported to a future meeting of the Audit and Scrutiny Committee.

Noted.

## **9. Internal Audit and Corporate Fraud Action Plans: Quarter 4 Update**

Submitted report by the Head of Service (Finance) on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 31 March 2023. Appendix 1 to the report provided full details of the two actions which were not completed within the agreed timescales.

Members asked a question and were provided with further information in relation to IR35 Off Payroll Working, which would be reviewed again by Internal Audit in 2024/25.

The Committee agreed to (a) note the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenge those Services that had not implemented actions within the previously agreed timescales.

## **10. Internal Audit Reports Issued**

Submitted report by the Head of Service (Finance) on the findings of Internal Audit work completed between March and April 2023. The findings from two audit assignments were detailed at Appendix 1 to the report, together with the respective executive summaries and actions plans.

Members asked questions and were provided with further information in relation to:-

### Museums and Heritage Assets

- records which were held both manually and digitally;
- the frequency of asset audits;
- historical issues which resulted in a number of asset records being either incomplete or not generated;
- the risks associated with the holding and storage of heritage assets;
- insurance and maintenance arrangements in connection with one asset currently on long-term loan to the National Museum of Scotland; and
- additional arrangements in connection with the valuation of a collection of books and the addition to the insurance policy.

### Accounts Payable Transaction Testing Q4

- duplicate invoices and controls around the processing of invoices.

The Committee agreed to note the outcomes from the Internal Audit work completed as set out in the report and detailed in Appendix 1 to the report.

## **11. Exclusion of the Public – Para 1**

The Committee resolved in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following items of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

## **12. Internal Audit Reports Issued (exempted item)**

Submitted report by the Head of Service (Finance) on the findings of two Internal Audit reviews.

The Committee agreed to note the outcomes from the Internal Audit work completed as set out in the report and detailed in Appendix 1 to the report.

## **13. Investigation Reports Issued**

Submitted report by the Head of Service (Finance) on investigation reports finalised since the last meeting.

Noted.

## **14. Internal Audit and Corporate Fraud Action Plans: Quarter 4 Update**

Submitted report by the Head of Service (Finance) on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 31 March 2023. Appendix 1 to the report provided full details of the two actions which were not completed within the agreed timescales.

The Committee agreed to (a) note the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenge those Services that had not implemented actions within the previously agreed timescales.

The meeting ended at 11.35 a.m.