



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Audit and Scrutiny Committee

A meeting of the **Audit and Scrutiny Committee** of North Ayrshire Council will be held remotely on **Tuesday, 05 September 2023** at **10:00** to consider the undernoted business.

Meeting Arrangements - Fully Remote

This meeting will be held remotely in accordance with the provisions of the Local Government (Scotland) Act 2003. Where possible, the meeting will be live-streamed and available to view at <https://north-ayrshire.public-i.tv/core/portal/home>. In the event that live-streaming is not possible, a recording of the meeting will instead be available to view at this location.

1 Declarations of Interest

Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.

2 Minutes

The accuracy of the Minutes of (i) the Ordinary Meeting of the Audit and Scrutiny Committee held on 30 May 2023; and (ii) the Special Meeting held on 27 June 2023 will be confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973 (copy enclosed).

3 Annual Assurance Statement to the Scottish Housing Regulator 2022/23

Submit report by the Executive Director (Place) on the Council's Annual Return of the Charter 2022/23 submission and requesting endorsement of the Annual Assurance Statement to be submitted to the Scottish Housing Regulator (copy enclosed).

- 4 North Ayrshire HSCP - Internal Control Review**
Submit report by the Director, North Ayrshire HSCP on the recent work which has been undertaken to strengthen the internal control environment of the Health and Social Care Partnership (copy enclosed).
- 5 Accounts Commission's Report: Local Government in Scotland: Overview 2023**
Submit report by the Head of Service (Finance) on the findings of the recently published report (copy enclosed).
- 6 Internal Audit Reports Issued**
Submit report by the Head of Service (Finance) on the findings of Internal Audit work completed between May and August 2023 (copy enclosed).
- 7 Internal Audit and Corporate Fraud Actions Quarter 1 Update**
Submit 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 30 June 2023 (copy enclosed).
- 8 Urgent Items**
Any other items which the Chair considers to be urgent.
- 9 Exclusion of the Public - Para 1**
Resolve 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 item of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.
- Non Disclosure of Information**
In terms of Standing Order 21 (Disclosure of Information), the information contained within the following report is confidential information within the meaning of Section 50A of the 1973 Act and shall not be disclosed to any person by any Member or Officer.
- 10 Investigation Reports Issued**
Submit report by the Head of Service (Finance) on investigation reports finalised since the last meeting (copy enclosed).

Webcasting

Please note: this meeting may be filmed/recorded/live-streamed to the Council's internet site and available to view at <https://north-ayrshire.public-i.tv/core/portal/home>, where it will be capable of repeated viewing. At the start of the meeting, the Provost/Chair will confirm if all or part of the meeting is being filmed/recorded/live-streamed.

You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during the webcast will be retained in accordance with the Council's published policy, including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Generally, the press and public seating areas will not be filmed. However, by entering the Council Chambers, using the press or public seating area or (by invitation) participating remotely in this meeting, you are consenting to being filmed and consenting to the use and storage of those images and sound recordings and any information pertaining to you contained in them for webcasting or training purposes and for the purpose of keeping historical records and making those records available to the public. If you do not wish to participate in a recording, you should leave the meeting. This will constitute your revocation of consent.

If you have any queries regarding this and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact dataprotectionofficer@north-ayrshire.gov.uk.

Audit and Scrutiny Committee Sederunt

John Bell (Chair)
Donald Reid (Vice Chair)
Eleanor Collier
Cameron Inglis
Tom Marshall
Matthew McLean
Davina McTiernan
Ian Murdoch
John Sweeney

Chair:

Apologies:

Attending:

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.

Audit and Scrutiny Committee
27 June 2023

At a Special Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.15 a.m. involving participation by remote electronic means.

Present

John Bell, Eleanor Collier, Cameron Inglis, Tom Marshall, Matthew McLean and Davina McTiernan.

Also Present

Timothy Billings, Stewart Ferguson, Todd Ferguson, Margaret Johnson and Christina Larsen.

In Attendance

M. Boyd, Head of Service (Finance), A. Craig, Head of Service (Democratic), S. Wilson and D. McCaw, Committee Services Officers (Chief Executive's Service).

Chair

Councillor Bell in the Chair.

Apologies

Ian Murdoch, Donald Reid 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. Call-In: Council Tax for Second and Empty Homes and Non Domestic Rates Thresholds: Consultation

Submitted report by the Chief Executive on a call-in request received in respect of a decision taken by Cabinet on 13 June 2023 on the proposed response from North Ayrshire Council to the Scottish Government consultation on Council Tax for second and empty homes, and non-domestic rates thresholds. The original Cabinet report and consultation response were attached at Appendix 1 to the report. Appendix 2 to the report contained briefing notes provided by the Head of Service (Finance) in response to the matters raised in the call-in request form.

The Cabinet on 13 June 2023 agreed to approve the proposed consultation response at Appendix 1 to the report, for submission to the Scottish Government by the consultation deadline of 11 July 2023.

Subsequently, a call-in request was received from Councillors Billings, T. Ferguson and Stephen in the following terms:-

Reason for Call-In

“That the response to the Scottish Government consultation will form the basis of North Ayrshire’s policy if this becomes policy and therefore, the Council’s responses should be as complete and considered as possible. The current response makes several assumptions about the potential benefits of charging additional council tax on second homes that are not supported by any evidence. North Ayrshire Council is currently undertaking wide-reaching research into the housing supply and housing demand on Arran, with the aim of ascertaining where the housing gaps are on Arran and what needs to be done to fill the gaps. There is no reference to this work in the response.

Other specific items are:

Question 2 – people with a second home for work purposes – the current response is ‘don’t know’ and only suggests that key workers and staff in vital services should be exempt from additional tax. We already know that our island economies are struggling and that there is a shortage of staff across all sectors of the economy, therefore, if somebody needs to get a second home to take up employment on Arran or Cumbrae they should not be penalised with additional council tax.

Question 3 – The issues with the answer to this question are that it makes some assumptions and does not provide a complete answer to the question. In particular:

- there is an assumption that local authorities must have this power as it is ‘important’ so that they can influence the housing market to increase the availability of houses for local people. There is no evidence that just making more houses available will increase the availability of housing for the people that Arran needs to support local businesses or public services. Arran already has more houses for sale per head of the population compared with the rest of North Ayrshire, including properties at the cheaper end of the housing stock.
- the answer assumes that a second home is used intermittently, which some may be. However, a second home that is also rented out as a holiday let would come into this category. There needs to be recognition between the various types of second home usage because anecdotal evidence suggests that holiday makers will spend more money in local restaurants and shops than a permanent resident.
- there is an assumption that the same tax levels would be appropriate for all areas within the local authority whereas it is possible that different levels of tax on second homes could be needed depending on the local circumstances. In addition it may be appropriate to have different levels of additional council tax on different levels of council tax. For example, if the main purpose of the additional council tax is to increase the availability of affordable housing for sale there is no point in penalising people living in houses rated at G for council tax as these will never be ‘affordable’ homes.

Question 4 – this question is about the maximum level of taxation. The response from does not recognise that levels of taxation will depend on modelling and impact assessment. However, it does not include recommendations that local authorities should have full flexibility on level of taxation so that different levels of taxation could be used in different areas of the local authority and that different levels of taxation could be appropriate for differently tax rated properties.

The response does not make it clear that levels of taxation for second homes and empty homes must be considered together as one would not want to encourage a home to be left empty because the level of taxation would be less.

Question 5 – all of the factors in this section are about the availability of housing. There are no factors relating to the assessment of the housing needs for an area, and if the change in housing availability caused by increases in council tax on second homes would benefit the housing needs of the area. In addition the response does not include the possible harm caused by additional levels of council tax. For example, if the result of increased taxation was a glut of houses for sale causing a fall in prices forcing existing home owners into negative equity thereby stagnating the Arran housing market.

Question 8 – this response already states that local authorities should have flexibility to impose additional council tax on empty properties depending on local circumstances. However, it does not state that levels of empty home taxation must be considered along side second home taxation, and that local authorities should have the flexibility to vary rates across the authority area and across properties with different council tax rates.

Question 21 – the response is confusing several issues many of which are not related to the question. The response does recognise that further assessment is required but there are gaps in the response and there are some implied assumptions that are not supported by evidence. In particular, there is nothing about assessment of housing need and housing supply, and what changes in the housing market that imposing increases in council tax could have. The question asks for the opinion about what changes in taxation might have on local business. There are two ways in which business could be impacted – first is that there is a change in economic activity of the people occupying properties, the second is that there could be changes in the supply of properties for people to live in who work in local businesses. However, until there is a full assessment of the relationship between housing demand, housing supply, and economic activity of property residents it is not possible to make an assessment on the impact that any changes in council tax levels could help support.”

Desired Outcome

“The desired outcome is that the wording of the response to the Scottish Government’s consultation on council tax on second homes is amended to make the wording neutral when referencing the potential effects that higher levels of council tax, and there is reference to all the possible impacts that interference with the housing market could have.

There should also be reference to the housing research that NAC is doing and that should be an integral part of the decision-making process before any decisions are made regarding increases in council tax for second homes.

Other specific changes are:

Question 2 – response changed to ‘yes’ and that it should apply to all people who move away from their main home to take up employment. Local authorities need to support people moving to islands to take up employment and should not penalise anybody moving to an island for work purposes with additional council tax. It should be noted that if the person moving to take up work rented a second home for job purposes they would not be penalised so why should somebody who purchases a home be penalised for taking up employment.

Question 3 –the response should:

- state that if local authorities have the power to increase the council tax for second homeowners there must be evidence that the housing need would be solved by forcing second homeowners to put their homes up for sale.
- recognise that there may be a difference in economic benefit from having a permanent or holiday resident which must be fully assessed so as not create unintended harm to the local economy.
- state that local authorities must have fully assessed the housing supply and demand factors for any area where additional second home tax is being considered, and have evidence that imposing additional tax will help have a positive influence on the housing market;
- state that local authorities should be able to have different levels of council tax supplements for different areas within the local authority.
- state that local authorities should be able to have different levels of additional council tax for different rated properties so that local authorities have the flexibility to promote positive changes in specific areas of the housing stock that are in short supply.

Question 4 – the response should include recommendations that if local authorities are going to impose additional council tax then the rates of taxation should be based on full assessment of local circumstances, and the levels of tax could be different in different geographic area and could be different for properties with different tax ratings. The purpose of this is to give local authorities to use its powers flexibly so as to support the desired response within the housing market whilst not penalising or damaging other aspects of the area’s economy or community.

The response should also make it clear that rates for empty and second homes must be linked and have the same flexibility so that there is no benefit in leaving a property empty.

Question 5 – the list of main factors must include an assessment of the housing needs for an area, so that before imposing council tax increases on second homes there is some assurance that the changes in local housing supply will actually have a positive impact on the assessed housing need. The response must include reference to possible negative effects of falling property prices causing economic hardship for existing homeowners residents, such as negative equity and stagnation of the housing market.

Question 8 - the NAC answer should restate that councils should have total flexibility to impose additional council tax on empty homes depending on locally agreed criteria and circumstances, and that this will include varying tax levels in different geographic area and across different council tax bands.

Question 21 –The question asks for the opinion about what changes in taxation might have on local business. There are two ways in which business could be impacted – first is that there is a change in economic activity of the people occupying properties, the second is that there could be changes in the supply of properties for people to live in who work in local businesses. However, until there is a full assessment of the relationship between housing demand, housing supply, and economic activity of property residents it is not possible to make an assessment on the impact that any changes in council tax levels could help support.

Therefore, the response to this question must start with the assumption that the local authority has assessed the local supply and demand for housing, and that the potential changes caused by imposing increases in council tax will have a positive impact on the local shortage of housing types and will support increases in the overall economic activity in the area.

Before introducing tax changes local authorities must be confident that imposing council tax increases will have a realistic expectation of positive changes in the housing market and increases in overall economic activity.”

The Head of Democratic Services summarised the procedure for considering the call-in request in terms of Standing Orders and referred to the Cabinet decision.

Thereafter, the Members who had requested the call-in were invited to speak. Councillor Billings advised that he would speak to the call-in request, with Councillor T. Ferguson being available to support, if required. Councillor Billings then addressed the Committee in support of the call-in request with further comment being provided by Councillor T Ferguson.

The Chair then invited Councillor Larsen, as the Cabinet Member for Finance, to address the meeting. Councillor Larsen explained the reasoning for the Cabinet decision and referred to an explanatory note from the Head of Service (Finance) provided at Appendix 2 to the report.

Councillor T. Ferguson left the meeting at this point.

The Head of Service (Finance) was also heard in relation to the report presented to Cabinet and on issues raised by the call-in, reference being made to the explanatory note at Appendix 2 to the report.

Councillor T. Ferguson rejoined the meeting at this point.

Members asked questions of Councillors Billings and Larsen and the Head of Service (Finance) and were provided with further information in relation to:-

- the importance of the consultation in relation to any future legislation to be issued to Councils;

- any future Council Tax levels on second and empty homes being determined by the full Council, should additional powers be allocated by the Scottish Government;
- challenges concerning affordable housing availability within the island community of Arran;
- whether evidence-based impact assessments should inform any consultation response;
- the timeframe for submission of the consultation response;
- support for the principle of the Council having financial flexibility to utilise any powers allocated; and
- the requirement for evidence-based modelling around affordable housing needs on Arran should additional powers be assigned.

Councillor Marshall, seconded by Councillor McLean, moved that the Committee agree to accept the terms of the call-in request and refer the matter to the Cabinet for further consideration.

As an amendment Councillor Collier, seconded by Councillor McTiernan, moved that the Committee agree not to support the call-in request and that the previous decision of Cabinet should stand, with the consultation response being submitted to the Scottish Government by the 11 July 2023 deadline.

Thereafter, on a division and a roll call vote, there voted for the amendment, Councillors Bell, Collier and McTiernan (3) and for the motion, Councillors Inglis, Marshall and McLean (3). There being an equality of votes, the Chair exercised his casting vote in terms of Standing Order 19.6, and the amendment was declared carried.

Accordingly, the Committee agreed not to support the call-in request and that the previous decision of Cabinet should stand, with the consultation response being submitted to the Scottish Government by the 11 July 2023 deadline.

The meeting ended at 11.10 a.m.

NORTH AYRSHIRE COUNCIL

5 September 2023

Audit & Scrutiny Committee

Title: **Annual Assurance Statement to the Scottish Housing Regulator 2022/23**

Purpose: To advise the Committee of the Council's Annual Return on the Charter 2022/23 submission, and request endorsement of the Annual Assurance Statement to be submitted to the Scottish Housing Regulator.

Recommendation: That the Committee: (i) notes the Annual Return on the Charter submission 2022/23; (ii) notes the supporting evidence provided to demonstrate compliance with the regulatory framework; (iii) notes the Council's non-compliance with our gas, electrical and fire safety legal responsibilities, but also notes that all outstanding gas safety checks for 2022/23 have now been carried out; and (iv) authorises the Chair to sign the Annual Assurance Statement at Appendix 1.

1. Executive Summary

- 1.1 The Scottish Housing Regulator's framework for the regulation of social housing in Scotland includes the requirement for an Annual Assurance Statement to be submitted alongside the Annual Return on the Charter (ARC). The statement must be approved by the appropriate Committee within the organisation prior to submission.
- 1.2 This report provides information on performance reported in the ARC, highlighting areas of high or improving performance, declining performance, or requiring improvement, and areas of non-compliance attributable to no access issues. The report also provides information on how the Council gains assurance that it is compliant with the Regulatory Framework.
- 1.3 Endorsement of the Annual Assurance Statement will ensure that the Council complies with regulatory requirements set out in the Housing (Scotland) Act 2010.

2. Background

- 2.1 The Housing (Scotland) Act 2010 sets out the statutory objectives, functions, duties, and powers of the Scottish Housing Regulator (SHR), a non-ministerial department responsible for regulating social housing in Scotland.

- 2.2 In 2012, the Scottish Government's Social Housing Charter was established. It sets out the standards and outcomes that tenants, homeless people, homeowners, and gypsy/travellers can expect from social landlords. This is monitored via landlords' ARC submissions to the SHR.
- 2.3 In February 2019, the Scottish Housing Regulator issued a revised framework for the regulation of social housing in Scotland. The new framework includes the requirement for landlords to submit an Annual Assurance Statement which has been agreed by a Board or Committee within the organisation. The Council must provide assurance that it complies with the relevant requirements of Chapter 3 of the Regulatory Framework.
- 2.4 The Assurance Statement is confirmation that, as a landlord, the Council:
- meets all legal duties and responsibilities, and adheres to relevant guidance and the requirements of other regulators
 - meets its statutory duties to prevent and alleviate homelessness
 - adheres to statutory guidance from the Scottish Housing Regulator
 - takes account of regulatory advice from the Scottish Housing Regulator and from other regulators
 - complies with all regulatory requirements

The Council must also confirm plans to fix any instances where there is a material non-compliance and notify the SHR about any material changes in their level of assurance during the year.

- 2.5 North Ayrshire Council's 2022/23 ARC was submitted to the SHR on 31 May 2023. The return provided details of the Council's performance across a range of indicators within the Charter Outcomes. Prior to submission of the ARC, a meeting was held on 26 May 2023 with the North Ayrshire Network (NAN), which is our tenant group with representation from local Tenants and Residents Associations (TARAs). At the meeting a range of indicators were discussed, with information on levels of performance and a comparison to 2021/22 provided to the NAN members.
- 2.6 The SHR requires landlords to provide assurance in their Statement that they have developed an effective approach to the collection of equalities information and that they have considered how they can adopt a human rights approach in their work.
- 2.7 As a landlord, North Ayrshire Council collects data relating to each of the protected characteristics for existing tenants, new tenants, people on waiting lists, governing body members, staff, people who are at risk of homelessness and service users on our Gypsy/ Traveller site. A systems review is currently being undertaken alongside our partner landlords within the North Ayrshire Housing Register, which incorporates further development of our approach to collation of equalities data within the brief for the review. Access to good quality housing is recognised as a basic human right and providing this to everyone in North Ayrshire is a key priority, such as; ensuring accommodation is provided to homeless households, tenancy sustainment, dedicated site to meet the needs of Gypsy/ Travellers, standards of Council-owned accommodation are well maintained and continuing to deliver our new house building programme.

Performance

2.8 Comparative information from other local authorities for the 2022/23 ARC is not yet available; the 2021/22 comparisons from the Scottish Social Housing Charter show that North Ayrshire Council remains a top performing local authority housing service. Of the 37 indicators reported in 2021/22, ranked against other Scottish local authorities North Ayrshire is in:

- The top quartile for 14 indicators (38%)
- The second quartile for 8 indicators (22%)
- The third quartile for 10 indicators (27%)
- The bottom quartile for 5 indicators (13%)

2.9 It was reported in the 2021/22 Annual Assurance Statement report that levels of performance were unlikely to be maintained or improved in the 2022/23 ARC return, due to the continued impact of the pandemic and issues regarding access. This position should, however, be reflected nationally. When the 2022/23 comparisons are published, indicators will be scrutinised to determine areas for improvement, and plans developed accordingly.

2.10 Housing Services have developed a Performance Management Framework to ensure monthly monitoring is in place with regards to future ARC returns and other performance related data required for the SHR and internal scrutiny. A Housing Transformation Board has also been established to monitor improvement workstreams to increase performance in areas such as, rent arrears, aids & adaptations, asset management, repairs policy and homeless prevention.

2.11 The areas highlighted below identify key areas of high/improving performance in 2022/23, alongside areas where there has been a decline, or improvement is required.

Areas of high or improving performance

2.12 Tenant satisfaction is high in terms of overall services as a landlord (88.74%), and opportunities for tenants to participate and keep informed about services (85.49%) and decisions (91.88%). Performance in this area is based on our tri-annual tenant satisfaction survey, which took place during summer 2021 to provide an updated position for the 2021/22 ARC submission. The next survey is scheduled to take place during summer 2024.

2.13 The percentage of antisocial behaviour cases resolved during 2022/23 was 92.82%, an increase of 8.58% on last year's performance of 84.24%. Our performance against locally agreed targets is 99.56% of cases resolved within agreed timescales, against a target of 94%.

2.14 Approaches for homeless assistance in North Ayrshire reduced by 4% in 2022/23 compared to the previous year. The annual national performance statistics have not been released; however, the Scottish Government has reported that homelessness is at the highest level since records began. The main reason for homelessness in North Ayrshire during 2022/23 was as a result of a relationship breakdown, accounting for 239 approaches (22%). This is followed by people being asked to leave the family home, which accounted for 203 (19%) approaches.

2.15 Satisfaction levels of tenants who had repairs or maintenance carried out in the last 12 months has increased from 85.71% to 86.16% since 2021/22. This is based on an increased number of responses (1,254 tenants) received during 2022/23. Work is being carried out to ascertain the most appropriate method of collating this performance information to support continuous improvement in the number of responses received.

Areas with a decline in performance or requiring improvement

2.16 There has been a decline in performance relating to the adaptations process, with the number of households waiting on an adaptation to their home increasing from 142 in 2021/22 to 465 in 2022/23. The average number of days to complete an approved adaptation also increased from 74.33 to 92.38 days. A joint improvement group, with membership from the Health and Social Care Partnership, Housing, Building Services and Property Management and Investment, are currently reviewing existing processes to consider ways to achieve the best possible outcome for tenants and demonstrate best value for their rent.

2.17 The average length of time taken to complete emergency repairs increased slightly from 2.61 hours in 2021/22 to 2.64 hours, and from 7.66 to 8.42 days for non-emergency repairs. The decrease in performance is due to skilled labour shortages, material supply issues, covid absences and increased number of repairs. Despite the decrease in performance, we remain within our four-hour target for emergencies as per North Ayrshire Council's Housing Repairs Policy.

2.18 The average time taken to re-let properties increased slightly from 22.38 days in 2021/22 to 23.99 days in 2022/23. During 2022/23 void performance was impacted slightly due to resources being re-directed to the refurbishment of Glebe Place in Saltcoats to deliver homes for Ukrainians displaced by the war.

2.19 The percentage of tenancy offers refused during the year increased slightly from 34.76% to 37.24%. This is attributable to an increase in refusals from tenants on the housing waiting list who have an identified accessible housing need who are looking to transfer from an existing tenancy. We don't impose any penalties to applicants for refusing offers of housing that are made via the North Ayrshire Housing Allocation Policy. This could have led to applicants receiving multiple offers of housing and refusals being made, therefore the decline in performance may not be a true reflection. Also, through local knowledge and feedback, we have been made aware that applicants' expectations are for housing or re-housing in our new build developments. In order to evidence the impact a detailed analysis of refusals will be carried out as part of the review of the allocation policy during 2023/2024.

2.20 Gross rent arrears as a percentage of rent due increased from 6.63% in 2021/22 to 7.14% in 2022/23. The Scottish Government placed a limited ban on the enforcement of evictions in Scotland for rent arrears under £2,250 which is in place until at least 30 September 2023, it is our expectation that this will be extended until March 2024, through extension of the current legislation by the Scottish Government. Housing Operations staff have been undertaking our escalation process to recover rent arrears where possible and have re-started court action for rent arrears over £2,250. We continue to take a welfare-based approach, contacting tenants and offering general advice/assistance on welfare benefits, income maximisation and alternative ways to

pay rent due to the impact of the pandemic and the cost-of-living crisis. This will allow us to improve performance and support our tenants.

- 2.21 There were no court actions resulting in eviction during 2021/22, due to - in line with COVID-19 guidance - no court actions being initiated for rent arrears, antisocial behaviour, or other reasons. For 2022/23 the number of court actions resulting in eviction increased to 100%, however this is based on one case for antisocial behaviour.
- 2.22 Rent arrears attributed from tenants in receipt of Universal Credit has increased by 4.5%, in comparison to a decrease of 15% the previous year. A review of our welfare rights and debt advice cases indicates that tenants are experiencing significant financial difficulty following the pandemic and the effects of the cost-of-living crisis. We have a higher number of tenants in crisis and cases are more complex than pre-pandemic. Housing Services' transformation workstream for rent arrears will allow us to analyse tenants affected by further migration to Universal Credit and the impact on rent collection. This will be done alongside Financial Inclusion Services to ensure the impact on tenants is mitigated as far as possible.

Area of non-compliance

- 2.23 During 2022/23, 106 properties did not receive their annual gas safety check within the statutory timescales. The biggest challenge that North Ayrshire Council has faced over the reporting year has been gaining access to properties to carry out statutory compliance works following persistent and unprecedented levels of access refusals post pandemic.
- 2.24 All efforts were made to ensure compliance at the earliest opportunity and appropriate records were kept; we have considered this a material non-compliance and informed the SHR during 2022/23 of the expected outcome. All 106 of the properties which failed compliance during 2022/23 were completed by 28 February 2023.
- 2.25 In April 2020 new legislation was introduced which reduced the statutory inspection regime for electrical installations from ten to five years with a target compliance date of 31 March 2022. The pandemic interrupted the testing programme which resumed during 2021. At the end of 2022/23, 4,555 properties were non-compliant, 34% of our total housing stock.
- 2.26 Property Management & Investment engaged two contractors during 2021 to undertake the testing programme to ensure compliance was achieved by the 31 March 2022 deadline. However, accessing properties remains a challenge as noted above, with an access rate between 40% and 60% dependent on the locality. The Council's access policy has been extended to enable electrical inspections to be undertaken, similar to the arrangements already in place for gas compliance checks.
- 2.27 All efforts were made to ensure compliance at the earliest opportunity and appropriate records were kept; we have considered this a material non-compliance and the SHR was informed during 2022/23 of the expected outcome. Property Management and Investment have been providing monthly updates to the SHR since 31 March 2023.
- 2.28 On 1 February 2022, new legislation was introduced with regards to the installation of interlinked smoke detection equipment. An extensive programme of retrofitting

devices was planned and undertaken by Building Services and an external contractor, however, at the end 2022/23 100 of our 13,253 properties (0.75%) were non-compliant due to access issues.

- 2.29 The Council's access policy has been extended to include this area of compliance. As a result, significant improvement has been made with only three homes remain non-compliant at the present time, these are complex cases and access is currently being pursued.

Assurance

- 2.30 The overall performance of the Housing Service is continuously reviewed by the Head of Service and Housing Senior Management Team, with key performance information and action plans presented to the North Ayrshire Network, Housing Business Plan Group and Council's Cabinet regularly during each year.
- 2.31 Some ARC indicators also form part of the corporate performance monitoring framework, scrutinised by Chief Officers and elected members.
- 2.32 The Scottish Federation of Housing Associations (SFHA) Self Assurance Toolkit has also been utilised as a further method of self-assessment. The toolkit provides guidance to social landlords on gathering evidence to demonstrate compliance with regulatory requirements and standard and focuses on questions that governing bodies should ask to gain assurance that this is being achieved.
- 2.33 The ARC 2022/23, which can be accessed at [Annual Return on the Charter \(north-ayrshire.gov.uk\)](https://www.north-ayrshire.gov.uk), demonstrates the Council's performance against the outcomes in the Scottish Social Housing Charter.
- 2.34 Supporting evidence to demonstrate compliance with the regulatory framework and relevant legislation can be accessed at [AAS Supporting Evidence \(north-ayrshire.gov.uk\)](https://www.north-ayrshire.gov.uk).
- 2.35 The Annual Assurance Statement, which is attached at Appendix 1, confirms that the Council has complied with the regulatory framework, all standards, and outcomes. It highlights North Ayrshire's non-compliance with our legal responsibilities around gas, electrical and fire safety. It also confirms the equalities data currently captured, and how North Ayrshire adopts a human rights approach in our work. This Statement will be made available to tenants as part of the Council's performance reporting process.

3. Proposals

- 3.1 It is proposed that the Committee (i) notes the Annual Return on the Charter submission 2022/23; (ii) notes the supporting evidence provided to demonstrate compliance with the regulatory framework and relevant legislation; (iii) notes the Council's non-compliance with our legal gas, electrical and fire safety responsibilities due to the COVID-19 pandemic, but also notes that all outstanding gas safety checks for 2022/23 have now been carried out ; and (iv) authorises the Chair to sign the Annual Assurance Statement at Appendix 1.

4. Implications/Socio-economic Duty

Financial

4.1 None

Human Resources

4.2 None

Legal

4.3 Approval of the Annual Return on the Charter submission 2022/23 and supporting evidence, and signature of the Annual Assurance Statement, will ensure that the Council complies with regulatory requirements set out in the Housing (Scotland) Act 2010.

Equality/Socio-economic

4.4 As a landlord, data is collated relating to each of the protected characteristics for existing tenants, new tenants, people on waiting lists, governing body members, staff, people who apply to us as homeless and service users on our Gypsy/Traveller site. This data is used to inform decision making, policy making and day to day service delivery.

Environmental and Sustainability

4.5 None

Key Priorities

4.6 The matters referred to in this report support the delivery of all four Council Plan priorities: Wellbeing; Climate Change; A Sustainable Council; and Communities and Local Democracy.

Community Wealth Building

4.7 None

5. Consultation

- 5.1 Consultation has taken place with Services within Housing and Public Protection; Sustainability, Transport and Corporate Property; Corporate Performance; the Health and Social Care Partnership; Tenant representatives and the Scottish Housing Regulator during the preparation of the Annual Return on the Charter and Annual Assurance Statement.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact **Fiona Ellis, Senior Manager (Housing Strategy & Development)**, on **07795 805570**.

Background Papers

0

North Ayrshire Council Annual Assurance Statement 2022/23



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

North Ayrshire Council complies with the requirements set out in Chapter 3 of the Regulatory Framework. North Ayrshire Council is assured that we:

- ✓ Adhere to relevant guidance and the requirements of other regulators;
- ✓ Meet our statutory duties to prevent and alleviate homelessness;
- ✓ Adhere to statutory guidance from the Scottish Housing Regulator;
- ✓ Take account of regulatory advice from the Scottish Housing Regulator and from other regulators; and
- ✓ Comply with all regulatory requirements, encompassing:
 - Assurance and notification
 - Tenant and service user redress
 - Whistleblowing
 - Equalities and human rights
 - Scottish Social Housing Charter Performance.

We did not meet our legal obligations around tenant and resident safety as we did not comply with gas safety legislation for 106 properties during 2022/23. Due to new legislation introduced during 2021/22 regarding electrical testing and smoke detection equipment, 4,555 properties were non-compliant with regards to having an EICR and 100 for not having the new smoke detection equipment installed. The biggest challenge during 2022/23 has been gaining access to properties to carry out statutory compliance works following persistent and unprecedented access refusal rates post pandemic. Labour shortages within the electrical industry affected the testing programme, alongside access issues. All efforts were made to ensure compliance at the earliest opportunity and appropriate records were kept. The Scottish Housing Regulator was notified of this expected outcome at the earliest opportunity.

As a landlord, we collect data relating to protected characteristics for existing tenants, new tenants, people on waiting lists, governing body members, staff, people who apply to us as homeless and service users on our Gypsy/Traveller site. A systems review is currently being undertaken alongside our partner landlords within the North Ayrshire Housing Register, which incorporates further development of our approach to collation of equalities data within the brief for the review. We recognise that the right to housing is a human right and providing this to everyone in North Ayrshire is of the highest priority with work already taking place across a range of activities.

North Ayrshire Council's Audit and Scrutiny Committee has considered sufficient evidence to give this assurance. The Annual Assurance Statement was approved by Audit and Scrutiny Committee on 05 September 2023.

Authorised by: _____
Chairperson of the Committee

Printed name: _____

Date: _____

North Ayrshire Council
Housing Services

**Annual Assurance Statement
2022/23**

Supporting Evidence
September 2023



North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Introduction

In February 2019, the Scottish Housing Regulator (SHR) issued a revised framework for the regulation of social housing in Scotland. The new framework includes the requirement for landlords to submit an Annual Assurance Statement which has been agreed by a Board or Committee within the organisation. We must provide assurance that the organisation complies with the relevant requirements of Chapter 3 of the Regulatory Framework.

This document provides evidence to support our Statement that North Ayrshire Council is assured that we:

- ✓ Adhere to relevant guidance and the requirements of other regulators;
- ✓ Meet our statutory duties to prevent and alleviate homelessness;
- ✓ Adhere to statutory guidance from the Scottish Housing Regulator;
- ✓ Take account of regulatory advice from the Scottish Housing Regulator and from other regulators; and
- ✓ Comply with all regulatory requirements, encompassing:
 - Assurance and notification
 - Tenant and service user redress
 - Whistleblowing
 - Equalities and human rights
 - Scottish Social Housing Charter Performance.

As a landlord, we are also required to meet all legal duties and responsibilities. During 2022/23 we were unable to do this, as some properties did not have an annual gas safety check, electrical safety certificate or installation of the new smoke detection equipment within the legal timescales due to issues in gaining access to tenants' homes. We have provided information on this non-compliance in our Annual Assurance Statement and further detail in this supporting evidence.

The Scottish Housing Regulator contacted all local authorities and RSLs in December 2022 to ask landlords to include further assurance around tenant and resident safety in their 2022/23 Annual Assurance Statement, in particular:

- Gas safety
- Electrical safety
- Water safety
- Fire safety
- Asbestos
- Dampness and mould
- Lift safety

The Scottish Housing Regulator has requested that landlords provide assurance in their Statement that they have appropriate plans to implement an effective approach to the collection of equalities information and that they have started to consider how they can adopt a human rights approach in their work.

Regulatory Requirements

Assurance and notification

We prepare an Annual Assurance Statement in accordance with guidance and submit it to the Scottish Housing Regulator (SHR) annually. The statement is available to tenants and other service users. We will notify the SHR during the year of any material changes to our assurance as set out in the Statement.

We can evidence that we meet all legal obligations associated with housing and homelessness services, and equality and human rights.

We have not met our legal obligations around tenant and resident safety as we did not comply with gas safety legislation for 106 properties during 2022/23. Due to new legislation introduced during 2021/22 regarding electrical testing and smoke detection, 4,555 properties were non-compliant with regards to having an electrical installation condition report (EICR) and 100 for not having the required smoke detection equipment in place. There continues to be an ongoing reluctance by some tenants to grant access to their property; this is an issue we are working to address. All efforts were made to ensure compliance at the earliest opportunity and appropriate records were kept. We have considered this a material non-compliance and informed the SHR during 2022/23 of this expected outcome and continue to provide them with monthly updates.

We notify the SHR of any tenant and resident safety matters involving the Health and Safety Executive or reports from other regulatory bodies relating to safety concerns. There were no issues to report during 2022/23.

'Customer Connections', our Customer Participation Strategy, is available to tenants and service users on the Council website.

[Customer Connections Strategy \(north-ayrshire.gov.uk\)](http://north-ayrshire.gov.uk)

Tenant and service user redress

Information on how to report any concerns around significant performance failures is available to tenants. Further information is contained in the Scottish Housing Regulator [leaflet](#).

North Ayrshire Council's [Complaints Handling Procedure](#) is readily available to tenants and other service users. It sets out the information they need to exercise their right to complain and seek redress. Responses are provided within timescales set out in the procedure, in accordance with guidance from the Scottish Public Services Ombudsman (SPSO). We have mechanisms in place to learn from complaints and other tenant and service user feedback, in accordance with SPSO guidance.

Whistleblowing

North Ayrshire Council has a policy and procedure in line with the Public Interest Disclosure Act 1998 for whistleblowing by staff and elected members. This is readily available on the [Council website](#) and promoted through staff bulletins.

Equalities and human rights

[Equality](#) is one of North Ayrshire Council's core values. The principles of equality and fairness are central to all council activities. Our Equality and Children's Rights Impact Assessment process for all policies, procedures and proposals ensures we meet legislative requirements. All decisions made by the Council's committees include an assessment of equalities implications.

As a landlord, we collect data relating to each of the protected characteristics for existing tenants, new tenants, people on waiting lists, governing body members, staff, people who apply to us as homeless and service users on our Gypsy/Traveller site. We use this data to inform decision making, policy making and day to day service delivery. We provide a diverse range of services, and we want to ensure everyone has the same opportunity to access services and that they meet the needs and value the diversity for all our customers. We are currently undergoing a system review alongside our partner landlords within the North Ayrshire Housing Register and have incorporated equalities data into the brief to further develop our approach.

We recognise that access to good quality housing is a basic human right and providing this to everyone in North Ayrshire is of the highest priority. Work already takes place across a range of activities: ensuring that accommodation is provided to homeless households when needed; housing support services are provided to council tenants and homeless households to help sustain tenancies; there is a dedicated site to meet the needs of Gypsy/ Travellers; standards of Council-owned accommodation are well maintained and align to the Scottish Housing Quality Standard (SHQS); and we carry out adaptations to properties to make them more accessible for households with disabilities.

Scottish Social Housing Charter Performance

We submit an Annual Return on the Charter to the Scottish Housing Regulator annually in accordance with published guidance. We have agreed our approach to this through the North Ayrshire Network (NAN), a group of representatives from the various Registered Tenant Organisations in North Ayrshire. You can read about our approach in 'Customer Connections', our Customer Participation Strategy 2023 - 2028.

Each year, we report on performance in our autumn edition of Tenancy Matters. The NAN work with us to agree the content of the report, which includes comparisons with previous years, other landlords and national performance. Within this report we identify how we will address areas for improvement and ask for feedback on our approach.

Standard 1 – The customer / landlord relationship

Outcomes:

Equalities

We promote equality and embrace diversity in all parts of Housing Services. All the information we produce is in line with the Council's Communications Strategy. All leaflets, and a number of documents, are published in plain English and can be made available in large print, braille, tape or CD, and can be translated on request.

Communication

Housing Services provide a comprehensive range of information which is made available in leaflets, on the Council website and on social media. The Tenant Editorial Panel approves all leaflets prior to issue to ensure they are fit for purpose and easy to understand. Our 'tenant approved' logo shows tenants have endorsed our publications. In recent years we have developed a social media profile through Facebook and Twitter to encourage digital engagement with a wider and more diverse customer base.

We commission an independent organisation to undertake a tenant satisfaction survey at least every three years. The results of these surveys help us to focus our efforts in improving communication and participation and understand what is important to our customers. Our next survey is scheduled for summer 2024.

Participation

The North Ayrshire Network (NAN) customer group has responsibility for ensuring that we continually improve the way we deliver services to tenants and customers. Part of their role is to challenge our performance against the indicators, outcomes, and standards in the Charter. To do this, Housing Services report to the Network through presenting on performance both mid-year and prior to submitting the Charter annually, working together on developing our annual report to tenants and communicating any changes from the Scottish Housing Regulator directly to the group.

Our Tenant Inspection Panel scrutinise one area of service per year. They can decide this independently through review of our performance information, or with support from Officers. Scrutiny provides an opportunity for tenants to drive improvement in the services most important to them.

We have reviewed/ relaunched our Customer Participation Strategy for 2023 - 2028 which encompasses the requirements of the Scottish Social Housing Charter and relevant Council Plan priorities. Collectively these three documents emphasise the importance of supporting our communities' tenants and residents to grow and develop opportunities for active engagement and participation for all citizens by listening to local needs and aspirations.

Alongside developing the Customer Participation Strategy for 2023 – 2028 we received gold level accreditation from Tenant Information Service (TIS Scotland) in August 2022 for Excellence in Scrutiny and Charter Performance. In addition, we received gold level re-accreditation from Tenant Participation Advisory Service (TPAS Scotland) in November 2022 for Excellence in Tenant Participation.

Our latest tenant satisfaction survey told us that 92% of tenants are satisfied with the opportunities given to them to participate in our decision-making processes.

Standard 2 – Housing quality and maintenance

Outcomes:

Quality of housing

Our housing stock is in very good condition and is well maintained. We take a proactive approach to housing asset management and target improvements to ensure that our properties are SHQS and EESSH compliant. Properties are refurbished to ensure they remain attractive, meet energy efficiency targets, meet modern requirements, and tenant expectations. We have a range of planned maintenance programmes which are designed to: optimise investment by replacing major element components before they would otherwise require responsive repairs; anticipate changes in minimum acceptable standards; and reduce future requirements for cyclical maintenance.

We have not met our legal obligations around tenant and resident safety during 2022/23 as we did not comply with gas safety legislation for 106 properties. Due to new legislation introduced during 2021/22 regarding the frequency of electrical testing and the installation of smoke detection equipment, 4,555 properties were non-compliant with regards to having an up to date EICR and 100 properties were non-compliant for not having the required smoke detection equipment installed. There continues to be an ongoing reluctance by some tenants to grant access to their property; this is an issue we are working to address. Additional contracts were put in place to try and achieve this by the date given, however supply chain and labour shortages for contractors have also impacted the programme. All efforts were made to ensure compliance at the earliest opportunity and appropriate records were kept. We aim to have all EICRs and outstanding smoke detection complete by end of March 2024. However, completing the EICR programme in the context of continuing tenant refusal makes this extremely challenging. Resorting to forcing access using our Access Policy is also extremely resource intensive for both the Council and our contractors.

We have a dedicated Contracts, Compliance and Maintenance team who ensure all statutory compliance requirements are met with regards to lift maintenance and legionella. We also have a dedicated asbestos compliance officer who works with all officers conducting any form of refurbishment or alteration to buildings to ensure compliance with legislation in all instances.

Condensation, Dampness & Mould

Awaab Ishak tragically died in December 2020 from a respiratory condition caused by extensive mould in a one-bedroom flat where he lived with his parents in Rochdale, Greater Manchester. The failings noted by the coroner in the handling of the case, has prompted many social housing

providers to reflect on their relevant policies and procedures. We have established a cross service working group to review our current practice and have developed an action plan to ensure we have a robust approach to dealing with cases where dampness and mould are reported. A strategy - which encompasses our approach to both Council homes and the private sector - and an improved “end to end” process have been drafted.

Our Building Services Inspection Officers who inspect instances of dampness and mould are all from a building trade background and are qualified to HNC in Construction standard as a minimum. Further specialist training in dampness, mould, and timber decay has recently been undertaken, with two officers additionally achieving the industry recognised qualification of Certificated Surveyor of Timber and Dampness in Buildings (CSTDB).

Repairs, maintenance and improvements

North Ayrshire Council is committed to delivering a high quality, efficient and effective reactive and planned maintenance service to all our tenants and factored owners in a manner which maintains high customer satisfaction. Our [Repairs Policy](#) sets out the service provided by the Council for repairs and maintenance and aims to ensure the needs of our current and future tenants are met in relation to the provision of high-quality housing. The policy is currently under review and will be developed in consultation with tenant representatives.

The average length of time taken to complete emergency repairs increased slightly from 2.61 in 2021/22 to 2.64 hours in 2022/23, and from 7.66 to 8.42 days for non-emergency repairs. The decrease in performance is due to skilled labour shortages, material supply issues, continued Covid absences and an increase in the number of repairs. Despite the decrease in performance, we remain within our four-hour target for emergencies as per our housing repairs policy.

Satisfaction levels of tenants who had repairs or maintenance carried out in the last 12 months increased from 85.71% to 86.16% during the same period. This is based on responses from 3,785 tenants received during 2022/23.

An efficient and effective void repairs service provides a quick turnaround on empty properties, which helps to speed the repairs process and reduce void rent loss. Void performance is affected by the additional time taken to rehouse tenants affected by our regeneration projects. A general increase in the number of properties requiring major works such as central heating, rewiring and full decoration has also impacted on performance. The average time taken to re-let properties has increased slightly from 22.38 days in 2021/22 to 23.99 days in 2022/23. For 2022/23 void performance was also affected due to resources being re-directed to Glebe Place in Saltcoats to deliver homes for Ukrainians displaced by the war. Despite the slight increase in the number of days taken to re-let voids we are still ranked third from SHN benchmarking for 2022/23.

Standard 3 – Neighbourhood and community

Outcome:

Estate management, antisocial behaviour, neighbour nuisance and tenancy disputes

Estate Management covers a broad range of situations and activities such as new tenant visits, permissions for garages and driveways in garden ground, abandoned tenancies, untidy gardens, neighbour disputes, problems with pets, abandoned vehicles, tackling graffiti and illegal dumping/fly-

tipping. We have a comprehensive Estate Management procedure manual to ensure we meet our responsibilities as a landlord, and to support tenants to meet their responsibilities as detailed in within their Tenancy Agreement. Every effort is made to support tenants to address any breach of the tenancy agreement, however if a tenant is consistently unwilling to do adhere to the tenancy agreement, the Council will pursue appropriate and proportionate action.

The Safer North Ayrshire Partnership (SNAP) is a multi-agency group who work together with local communities and key stakeholders to prevent crime and antisocial behaviour, responding quickly and proportionately to arising issues.

We experienced a 1.5% decrease in reports of ASB during 2022/23 compared to the previous year. The Council has locally agreed targets for the closure of ASB cases, which are based on the complexity and level of investigation required to resolve them. Our performance against the locally agreed targets during 2022/23 was 99.56% of cases resolved within agreed timescales, against a target of 94%.

Our last tenant satisfaction survey was carried out during 2021, therefore there has been no change to the satisfaction levels reported in the previous AAS which detailed a decrease of 12% in tenants satisfied with the management of the neighbourhood they live in compared to the previous survey carried out in 2018.

Standard 4 – Access to housing and support

Outcomes:

Housing options and access to social housing

We, alongside our RSL partners, are currently reviewing our Housing Allocation Policy. This review is looking at key themes that have emerged from our last review in 2019 and any upcoming legislation that could impact housing allocations. We introduced an Arran Local Letting Initiative in April 2021, which allows island residents and key/ essential workers to be given additional priority for housing on the Island.

In relation to our void processes, we commenced a pilot in January 2022 which saw standard void targets being replaced by timescales mutually agreed by the Housing Officer and Building Services supervisor, based on the amount of work required. This pilot improved performance significantly and was rolled out across our stock. Although the average time taken to re-let properties increased slightly from 22.38 days in 2021/22 to 23.99 days in 2022/23, this was due to resources being re-directed to the refurbishment of Glebe Place in Saltcoats to deliver homes for Ukrainians displaced by the war. We have established a cross-service working group to review and analyse our void processes. The group will scrutinise current working practices to identify opportunities to improve our void processes and turnover performance.

Housing management and our Building Services team (who carry out the majority of works in Council dwellings) have periodic meetings with officers from North Ayrshire Health and Social Care Partnership (NAHSCP) who – in accordance with the Integration Scheme - manage the process for aids and adaptations. This allows us to understand demand and agree, set, and monitor performance in relation to expenditure. NAHSCP have a formal Adaptations Criteria and Policy for staff to adhere to; this ensures a consistent and high-quality adaptations assessment process. Joint complex case reviews are held monthly between NAHSCP and Housing professionals to agree the scope of the works to be undertaken. OT staff have been trained to explore the housing options of housing applicants with long term health conditions, to ensure that accessible housing needs are met where

adaptations are not appropriate. These tiers of governance provide a formal procedure for all decision making, ensuring resources are targeted to those most in need of adaptations.

There has been a significant increase in the number of households waiting for an adaptation to their home, increasing from 142 in 2021/22 to 465 in 2022/23. The average number of days to complete an approved adaptation has also increased from 74.33 to 92.40 days. The joint improvement group comprising of Housing Services, Building Services, Property Management and Investment and the Health and Social Care Partnership are currently reviewing the reasons for the rise in demand and current work processes, in order to deliver the best outcome and value for money for tenants.

Homeless people

Approaches for homeless assistance

Approaches for homeless assistance in North Ayrshire reduced by 4% during 2022/23 compared to the previous year. Whilst the annual national statistics are not yet released, the Scottish Government and national partners are reporting that levels of homelessness in Scotland are at their highest since records began in 2001.

Reasons for approach for homeless assistance

The main reason for homelessness in North Ayrshire during 2022/23 was as a result of a relationship breakdown, accounting for 239 approaches (22%); this is followed by people being asked to leave the family home, which accounted for 203 (19%) approaches.

Applications from households fleeing domestic abuse accounts for 152 homeless approaches (14%) during 2022/23, compared to 154 approaches (13%) in 2021/22.

We have had no breaches of the Unsuitable Accommodation Order and have ensured that temporary accommodation continues to be available for anyone who needs it. We have continued the delivery of the Rapid Rehousing Transition Plan (RRTP) and met the year four target to deliver 80 Housing First tenancies for the most vulnerable homeless households in North Ayrshire.

The North Ayrshire Homelessness Task Force has reviewed the above performance to inform our homeless prevention strategy moving forward.

Standard 5 – Getting good value from rents and service charges

Outcomes:

Value for money

Our robust Housing Revenue Account Business Plan provides clear strategic direction, ensuring that effective short, medium, and long-term financial planning is undertaken. This clearly details how we will plan for, and deliver, key priorities such as compliance with the Scottish Housing Quality Standard and EESSH, investment in our current stock, our Council house building programme and rent setting.

The Business Plan was developed by a cross stakeholder working group which included representation from elected members, tenant representatives and officers from within Housing, Property Management and Investment, Building Services and Finance. This approach ensured balanced decision-making that can stand up to both internal and external scrutiny.

The plan provides a platform to support an effective performance management and reporting framework that makes certain that we continue to provide value for money services to our tenants and, at the same time, keep rents at affordable levels. This is achieved while recognising that we are currently operating within an extremely challenging and evolving economic environment which requires sufficient flexibility to be able to change and adapt investment plans.

The Business Plan is easily accessible to stakeholders. It provides information to demonstrate that the Council has a clear picture of its strategic direction and the associated financial position of the service to deliver this, over the 30-year planning period. This plan is reviewed annually, and we are focused on providing value for money through a number of measures, such as operating robust financial management processes, implementing value for money principles, exploring efficiency opportunities, and managing competitive contractual arrangements.

During our last tenant satisfaction survey 89.47% of tenants confirmed they felt that the rent for their property represents good value for money.

Rents and service charges

Our rent levels remain lower than the national average, however we continue to invest significantly in our existing stock and new house building programme. We face challenges in, for example, changes to welfare reform, demographics, and the housing stock profile. We are committed to delivering services in new, improved and more cost-effective ways.

Standard 6 – Other customers

Outcomes:

Gypsy/travellers

North Ayrshire Council provides services, advice and assistance to Gypsy/Travellers who live permanently in North Ayrshire and to those who visit on a temporary basis. North Ayrshire manages one permanent site at Redburn Grove, Irvine. The site has 16 pitches, and each pitch has its own amenity block with separate kitchen, shower, toilet facilities and utility room. A community room is available on site for partner services to meet tenants and their children within a safe and comfortable environment. The room is used by several Services, including Education, the Welfare Reform Advice team, Tenancy Support, the Community Link team, and a regular GP surgery. Our Tenant Participation Team also support Redburn Grove tenants to hold regular tenants' meetings. The meetings allow tenants the opportunity to work in partnership with Council staff as we consider the options for current and future service provision.

In 2016 the Scottish Government introduced minimum standards for Gypsy Traveller Sites across Scotland. North Ayrshire Council achieved the minimum standards at Redburn Grove; however, we recognise that significant capital investment is required to ensure that it continues to meet expected standards.

The Scottish Government has developed a draft design guide for Gypsy/Traveller sites to be used for new sites or major refurbishments of existing sites. The design guide has been provided to give advice on what good quality, culturally appropriate accommodation should look like. The Scottish Government have also made available a new capital fund for five years from 2021-25. The Scottish Government has outlined the criteria for the fund, including how residents and travelling community members must be involved, together with a process for project selection. Following consultation with current tenants in April 2023, future improvement proposals for the Redburn site are being developed reflecting on feedback gathered in relation to their preferences for future housing.

Our response to unauthorised encampments fully complies with Scottish Government policy. Our Gypsy/Traveller Encampment Officer works to build relationships with visiting families to assess their needs. Where necessary they make referrals to partner organisations and provide advice on housing options, if required. The Officer also works closely with other landowners and members of the settled community and provides advice and assistance regarding the rights and responsibilities of Gypsy/Travellers who visit North Ayrshire.

Refugees

North Ayrshire Council is fully committed to supporting the UK Humanitarian programmes in place to accommodate and support refugees. This work is coordinated by our inter-agency Refugee Task Force comprising of senior officers from across the Community Planning Partnership (CPP) including Housing, the Health and Social Care Partnership, Education, Department of Work and Pensions, Police Scotland, and voluntary organisations.

Our Refugee Support Team work together with the CPP partners to deliver robust resettlement support to assist families to integrate into the local communities and access vital services to meet their individual needs.

During 2022/23, the Council and community planning partners have supported 160 Ukrainian households, comprising of 349 individuals, to resettle in North Ayrshire across the different Scottish Government sponsorship schemes.

We have provided 110 units of social housing stock to provide long term accommodation for households. We have also supported a Welcome Hub set up within a local hotel which provides interim emergency accommodation and support to individuals and families while they await a more appropriate housing solution. In the last 12 months, in partnership with the Scottish Government, we have redeveloped a large vacant property to provide temporary accommodation for a further three Ukrainian families.

Housing Services are monitoring resettlement provision carefully to ensure we continue to meet our statutory responsibilities in relation to other priority groups including homeless people.

NORTH AYRSHIRE COUNCIL

5 September 2023

Audit and Scrutiny Committee

Title: North Ayrshire HSCP – Internal Control Review

Purpose: To highlight to the Committee the recent work which has been undertaken to strengthen the internal control environment of the Health and Social Care Partnership.

Recommendation: It is recommended that Committee notes the work which has been undertaken.

1. Executive Summary

- 1.1 The internal control environment across the Health and Social Care Partnership is a complex one due to the size and diversity of teams, operating locations, systems and interactions with service users.
- 1.2 Recent improvement work has been led by the Head of Service (Finance and Transformation) to review and tighten controls across a number of areas.
- 1.3 This report provides the Audit and Scrutiny with an overview of the work which has been carried out and some of the improvements that have been implemented.

2. Background

Framework of Financial Regulations

- 2.1 North Ayrshire Integration Joint Board (IJB) has its own set of Financial Regulations; these relate specifically to the affairs of the IJB itself and therefore are more limited and focussed in scope. All operational and transactional finance matters for delivery of North Ayrshire Health and Social Care Partnership (NAHSCP) services must comply with North Ayrshire Council Financial Regulations and NHS Ayrshire & Arran Standing Financial Instructions.
- 2.2 The Council's Financial Regulations provide a mandatory framework for the financial administration of North Ayrshire Council and apply to every financial transaction and to every employee throughout the Council.

2.3 Under the Financial Regulations, Heads of Service are responsible for:

- Ensuring that their staff are familiar with the regulations and that they are adhered to.
- Providing any information required by the Head of Finance
- The financial performance of their Service
- Endeavouring to ensure that they and their staff secure Best Value
- The maintenance of effective internal controls within the financial procedures operated by their Service.

North Ayrshire HSCP

2.5 The Partnership has a workforce of around 3,600 staff – roughly half are employed by the Council and half by NHS Ayrshire & Arran – and has an agreed revenue budget for 2023/24 of £288.072m (excluding large hospital set aside), of which £121.408m is provided by North Ayrshire Council.

2.6 Services are delivered across all of our localities by staff teams under five Heads of Service – Children and Families, Mental Health, Health and Community Care, Chief Social Work Officer, Finance and Transformation – and the Business Support team sit out with these services and work with frontline staff across the Partnership. There are integrated management structures with some staff working across the two organisations' systems and processes. This results in our internal control environment being a complex one.

2.7 It should also be remembered that our staff engage with thousands of service users on a daily basis, and, across a number of establishments, staff require access to cash and the ability to make purchases on behalf of service users, who are not subject to the same obligations or contractual requirements as employees.

Effectiveness of Internal Control environment

2.8 Our Annual Governance Statement 2022-23 notes that “North Ayrshire IJB has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the framework is informed by the work of the Partnership Senior Management Team who have responsibility for development and maintenance of the governance environment (i.e., the Heads of Service), the annual report by the Chief Internal Auditor and reports from Audit Scotland and other review agencies.”

2.9 The recent annual report 2022-23 by the Chief Internal Auditor to this Committee noted the following outcomes from Internal Audit work carried out in the Partnership:

Type	Audit	Opinion	Reported to A&S
Investigation	Visit to a Care Establishment	Limited/Reasonable	15/11/2022
Assurance	Social Care Establishments	Reasonable	28/03/2023
Assurance	CM2000 system	Substantial	27/09/2022
Assurance	Care Home admissions process	Substantial	15/11/2022

2.10 There have also been three recent fraud reports which have identified issues with the control environment in the specific cases highlighted. Members will recall that these reports related to the deliberate actions of individuals, however internal controls have been tightened to avoid the opportunity for similar issues arising in the future.

2.11 In her annual report to the IJB Performance and Audit Committee, the Chief Internal Auditor noted “Based on the audit work carried out in the IJB and relevant work carried out in the parent bodies, my opinion is that reasonable assurance can continue to be placed on the adequacy and effectiveness of the IJB’s systems of governance, risk and internal control.”

2.12 As part of the IJB’s own review of the effectiveness of the control environment, partly informed by the Internal Audit findings, the Head of Finance and Transformation has led a group of senior officers to identify and implement a number of improvement actions focussing across the following areas:

- Procurement Cards
- Children’s Houses
- Kinship Carers
- Staff Financial Training

Procurement Cards

2.13 A full review of all procurement cards held by officers within the Partnership has been undertaken. The Partnership Senior Management Team (PSMT) recently agreed the following criteria for staff to hold a card:

- Establishments or offices where there is a requirement to purchase items to support service users.
- Establishments or offices where there is a requirement to hold cash.
- Financial Intervention Officers who manage service users’ finances.

2.14 Prior to the review, there were 99 cards held by Partnership staff and as a result of the tightening of criteria and a review of services with multiple card holders, 19 of these were removed from staff and the accounts closed.

2.15 Corporate guidelines for the approval of new procurement card requests require that they be approved by a line manager at Grade 14 or above. However, within the Partnership this has been strengthened so that any new requests must be

routed via the Head of Finance and Transformation, or in his absence the Principal Manager (Business Support). These will only be approved if they meet the criteria above and following review in conjunction with the appropriate Head of Service. A similar process will also be followed for any requests to increase spend limits.

- 2.16 Concerns have also been highlighted previously around the volume of card transactions which had not been reviewed and/or approved within the prescribed timescales. Significant work has been undertaken with cardholders, their approvers and involving Heads of Service where necessary and this has resulted in a 91% reduction in the number of outstanding transactions (August 2023). Regular reports are received from Corporate Procurement and monitored by Business Support to ensure this issue does not reoccur.

Children's Houses

- 2.17 Visits have been undertaken by Finance and Business Support staff to each of the Children's Houses to review the procedures and processes around the recording, handling and storage of cash and these have been revised where necessary. Each house now has the support of an Admin Worker each week to assist with these tasks.
- 2.18 House managers have been reminded of the need to minimise the use of cash where possible, while being mindful of the setting and the need to use cash for some outlays. Work is ongoing to establish bank accounts for children where possible, to support the ability to provide young people with pocket money by bank transfer.
- 2.19 A programme of cash handling training has been delivered by colleagues from the Corporate Fraud Team to staff in the children's houses, helping ensure that they are fully aware of their responsibilities.
- 2.20 Eight of the procurement cards which were withdrawn were held by staff in the children's houses and there are now 2 held in each house – by the assistant manager and a senior residential worker – with the house manager now acting as approver for these transactions against their budget.
- 2.21 The Senior Accountant for Children and Families has introduced regular budget monitoring meetings with the House Managers to help ensure tighter controls around expenditure.

Financial Training

- 2.22 A range of financial training courses is available for staff who require them as part of their job role. There is a mix of face-to-face and e-learning and these courses include Cash Handling, Financial Regulations, Budget Holder training, Procurement Card (cardholder and approver) and Integra (requisitioner and approver).
- 2.23 It is essential that staff who require to complete this training to undertake their

job do so and a range of reports is under development to enable better monitoring of who has completed the training and where there are any gaps.

- 2.24 The Head of Service (Finance and Transformation) will monitor this information and ensure that staff are reminded of the requirements, with escalation to Heads of Service where necessary.

Kinship Carers

- 2.25 Following the identification of two instances of over-payment to Kinship Carers, a review of the controls around payments to Kinship Carers has taken place and these have been tightened to ensure that Finance staff are always notified when a placement begins or ends.

- 2.26 Actions have included:

- A formal annual review of kinship care placements.
- Ensuring that a kinship carer agreement form is completed, signed and retained on file for each placement.
- Additional checks within the Finance team between fostering and kinship care placements to help ensure there are no duplicate payments.

These additional checks will ensure that if any overpayment occurs that it is identified as quickly as possible to ensure funds can be recovered and also to minimise impact on the Carer.

Conclusions

- 2.27 This report has outlined some of the recent improvement work which has been undertaken. It is not intended to provide a guarantee that there will be no fraud or error across the Partnership in future. In a workforce which operates across numerous physical locations, with thousands of interactions with service users each day, and with millions of payroll entries, accounts payable and income transactions each year, it is almost inevitable that occasional human errors or deliberate actions will happen. However, it is essential to ensure that the internal control framework is as robust as possible to minimise the risk and recent work has helped to support this.

3. Proposals

- 3.1 It is recommended that Committee notes the work which has been undertaken.

4. Implications/Socio-economic Duty

Financial

- 4.1 The report describes improvement work which has been undertaken across the financial control environment of the Health and Social Care Partnership.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 None.

Community Wealth Building

4.7 None.

5. Consultation

5.1 Consultation has taken place with staff across the Partnership and with colleagues from Internal Audit and the Corporate Fraud Team during the review which has been carried out.

Caroline Cameron
Director, Health and Social Care Partnership

For further information please contact **Paul Doak, Head of Finance and Transformation, NAHSCP**, on pdoak@north-ayrshire.gov.uk.

Background Papers

None.

NORTH AYRSHIRE COUNCIL

5 September 2023

Audit and Scrutiny Committee

Title: **Accounts Commission's Report: Local Government in Scotland: Overview 2023**

Purpose: To inform the Audit and Scrutiny Committee of the findings of the recently published report.

Recommendation: That the Committee notes:

- (i) the findings of the Accounts Commission report,
- (ii) the key messages and recommendations contained therein; and
- (iii) North Ayrshire Council's current approach in relation to each.

1. Executive Summary

1.1 The Accounts Commission recently published its national report 'Local Government in Scotland: Overview 2023'. This report is the third and final report in a series of annual overview reports examining how the pandemic impacted on Councils and their performance, identifying the current and future challenges facing Councils and examining how well placed Councils are to deal with these challenges. A link to the full report is attached as follows:

[Local Government in Scotland Overview 2023](#)

1.2 The report notes that Councils have never faced such a challenging situation and indicates that radical change is needed to maintain services. This is supported by key messages and recommendations in relation to:

- Finance and Resources;
- Community Needs and Inequalities;
- Collaboration;
- Leadership; and
- Workforce.

2. Background

2.1 The Accounts Commission has published a national report, 'Local Government in Scotland: Overview 2023', which is the third report in a series reporting on the impact of the Covid-19 pandemic. This report builds on the previous reports in the series and examines:

- How has the pandemic affected Councils and their performance;
- What are the current and future challenges facing local government; and
- How well placed are Councils to deal with the current and future challenges.

2.2 The Local Government in Scotland: Overview 2023 is based on evidence gathered from a range of local and national audit work carried out throughout the year and includes data and information to the end of March 2022.

2.3 The report identifies a number of key messages in relation to the challenges faced by Councils, including demand and workforce pressures and future funding forecasts:

- **Finance and Resources:**
Council finances are under severe strain from budget constraints and increasing cost pressures. This is further exacerbated by the increased use of ringfencing to deliver national policy initiatives which impacts on local decision making and contributes to the need for significant savings to balance budgets.
- **Community Needs and Inequalities:**
Performance has been impacted by the pandemic resulting in growing backlogs and declining performance in some areas. Although Councils have a clear focus on tackling poverty, high levels of poverty and increasing financial hardship is putting additional pressure on services.
- **Collaboration:**
Radical change, including increased collaboration with local partners and communities, is required to ensure the sustainability of local services and ensure that issues, such as climate change, child poverty and inequalities, are addressed.
- **Leadership:**
Leaders must think radically and make fundamental changes to how Councils operate. Ineffective leadership and high turnover present risks to Councils' ability to make the fundamental changes required.
- **Workforce:**
Workforce challenges are putting Councils under pressure. Innovation is required to make the best use of the existing workforce and ensure a positive impact on performance and staff wellbeing.

2.4 The report makes a number of recommendations in relation to these key messages, including:

2.4.1 *Councils need to set out medium and long term financial plans that detail:*

- *how they will make recurring savings and reduce reliance on reserves to fill budget gaps; and*
- *how Council resources are targeted to achieve long term policy and performance priorities.*

NAC response:

Robust financial planning and management in line with our approved financial framework ensures that resources are targeted to our key priorities.

The financial framework to support this includes medium and long term financial planning or both revenue and capital investment and specific strategies for the utilisation of reserves and the investment and management of available funds:

- Long-Term Financial Outlook to 2030/31;
- HRA 30 year Business Plan;
- Medium Term Financial Outlook to 2025/26;
- General Services Revenue Estimates to 2025/26;
- Treasury Management and Investment Strategy 2023/24;
- Reserves Strategy; and
- 10 year Capital Investment Strategy and Programme to 2030/31.

The development of the new Council Plan 2023-2028 sets out the council's key priorities and planned outcomes. This will be underpinned by a performance management framework and importantly, will be vital in prioritising investment when allocating the council's available financial resources.

2.4.2 *Councils should be more transparent with the public about the scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need.*

NAC response:

Levels of demand and any identified backlogs across key services are regularly reported to elected members. Specific responses in relation to some of the key services highlighted within the report include:

The HSCP has identified growing demand for social care services, driven by an aging population and a decline in mental wellbeing. This growth in demand is exacerbated by increased difficulty in recruiting staff to many professions with care providers finding staff recruitment and retention challenging. This impacts directly on service provision as the HSCP finds it increasingly difficult to arrange packages of care as providers cannot respond to the demand. In order to address staff shortages in key service areas, such as care at home, the HSCP has been running a recruitment campaign, with numerous face-to-face recruitment events, and a job evaluation review has increased the rate of pay for our care at home workers. It is hoped this will increase recruitment levels and retention rates in this area of the workforce.

Within the Housing service, North Ayrshire Council does not restrict access to either homeless service provision or housing support provision and services remained fully

operational throughout the pandemic. Although demand has returned to pre pandemic levels, there is no backlog to access provision.

2.4.3 Councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources. This includes equalities data and learning from those with lived experience.

NAC response:

The Council's key strategies are developed and reviewed based on all available data. This includes:

The Council Plan 2023-2028 : formulation of the Plan was informed by use of data relating to population decrease and demographic change, child poverty, the Scottish Index of Multiple Deprivation, as well as data on climate change. The Council Plan also identifies Lived Experience as central to our approach to improving services and developing policy.

The Child Poverty Strategy : key actions to tackle child poverty and the cost of living crisis have been developed and prioritised based on extension research, key indicators, case studies and our residents' lived experience.

The HSCP engages with those with lived and living experience in a number of ways, for example through the Care Improvement Network and Locality Conversations, through representation on the Alcohol and Drugs Partnership or through the Peer Recovery Workers in the Drug and Alcohol Recovery Service. Data from a wide range of sources is utilised through the Strategic Needs Assessment to help understand future service demand.

The Council's Performance Strategy demonstrates how we support a culture of continuous improvement with performance against the Council Plan and other key Strategies subject to six monthly reports to elected members.

2.4.4 Councils need to maximise the potential of collaboration by demonstrating that they are:

- *working with other Councils, the wider public sector and the third sector to redesign and provide services; and*
- *involving service users and local communities in the redesign of services.*

NAC response:

Regional collaboration with the other Ayrshire councils is already present through the Ayrshire Regional Economic Partnership, the Ayrshire Growth Deal and the Community Wealth Building Commission. The North Ayrshire Community Planning Partnership's (CPP) Local Outcome Improvement Plan (LOIP) describes how all partners work together to provide better services with the aim of making sure that the people and communities of North Ayrshire are working, healthier, safe, and secure. The CPP's Community Engagement Network facilitates partnership working to share good practice, experience, and opportunities in North Ayrshire, and contribute to the Partnership's Community Engagement Strategy.

The Housing Services' Customer Participation Strategy for 2023-2028 sets out strategic priorities for the development and support of tenant and customer

participation, with the Strategy itself being developed in consultation with tenants, residents and other stakeholders.

The HSCP consults with local citizens through the Care Improvement Network, which is an online network of service users, and through the revamped Locality Conversation approach. This series of conversations in each locality enables services to engage directly with interested local citizens around planned changes to services or new developments.

It is recognised however, that further collaboration opportunities across councils, communities and the third sector will require to be explored.

2.4.5 Council leaders need to invest time and capacity in thinking radically about their future operating model and:

- *be open and clear with communities and staff about the need for change, what that means for future service delivery and involve communities in service delivery;*
- *set out a clear vision for their long term policy and performance priorities, and how it will be delivered and monitored; and*
- *work with the Scottish Government to rebuild an effective relationship.*

NAC response:

The Council Plan 2023-2028, approved by Council on 21 June 2023, was prepared through working closely with communities across North Ayrshire and sets out our vision for North Ayrshire and the key priorities to support achievement.

A collaborative approach was taken to its development including consultation with staff, community group representatives across all localities, residents and the third sector.

The Plan confirmed our vision of “A North Ayrshire that is fair for all” and is constructed around four strategic priorities of:

- Wellbeing;
- Communities and Local Democracy;
- Climate change; and
- A Sustainable Council.

We contribute to the delivery of Scotland’s 11 National Outcomes and our Performance Framework will actively manage performance on delivery of the Plan and support delivery of the National Performance Framework.

2.4.6 Councils need to improve workforce planning to effectively develop and deploy their existing workforce. This includes:

- *building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning; and*
- *updating workforce plans to reflect new models of service delivery and ways of working, including how they*
 - *identify and address skills gaps at operational and leadership levels;*
 - *make best use of the existing workforce by collaborating with partners to overcome recruitment challenges; and*

- *plan for the skills needed to deliver future services, focusing on collaborative and flexible working, including working with the higher education sector to plan and develop skills for the roles needed.*

NAC response:

The shape of our workforce is critical to the delivery of efficient and effective services and is a significant factor in how we transform our Council and deliver our financial challenges. Our workforce planning approach is live and organic and utilises a variety of tools and techniques to ensure our workforce requirements for the future in terms of skills and capabilities are planned.

Services are able to analyse key workforce data which impacts on the workforce plan at all levels, including areas such as headcount, demographics, attrition rates, absence, additional costs and employee relations data.

Each Head of Service has a workforce plan which is reviewed and updated on a 6 monthly basis to ensure that the workforce is organised and structured in the right way, with the correct skills to meet current and future needs and to ensure that priorities are delivered within an affordable budget.

Early intervention is crucial to attracting our future workforce and ensuring that we have the right people with the right skills to meet areas of demand. This includes developing a skills pipeline and working with Universities and Colleges to ensure that courses complement our jobs of the future; providing opportunities for our young people to transition from education to employment through a variety of programmes such as the Modern Apprenticeships, Skills for Life initiative and Developing the Young Workforce Programme; and upskilling our existing workforce.

These alternative routes into employment are also key to addressing the recruitment issues experienced across areas such as Health and Social Care, Teaching and Regulatory services with programmes such as Modern Apprenticeships, Trade Apprenticeships and the Graduate Programme also enabling employees to develop their skills while in work.

It is important to recognise the potential and aspirations of our existing workforce. Growing our own talent provides our employees with opportunities to transition into new occupations within the organisation with, for example, Teaching and Social Worker roles open to internal candidates as a retraining opportunity. In-house initiatives such as skills development, the Leadership Academy and other developmental opportunities support employees to achieve their full potential. Creation of career paths is another way to support the continued development of employees retaining key skillsets and experience for the future.

Succession Planning is a key element of our workforce planning strategy which enables us to identify and develop potential future leaders and senior managers, as well as individuals to fill other business-critical positions, either short-term or long-term. As well as training and development activities, this may include the provision of practical, tailored work experience relevant for future senior or key roles. The aim is for the organisation to be able to fill key roles effectively if the current post holder were to leave.

2.5 In summary, whilst the council can already demonstrate progress across a number of the key recommendations included in the Accounts Commission report, it is recognised that significant challenges lie ahead which will require further progress across a range of areas and some potentially difficult choices for all councils to consider.

3. Proposals

3.1 It is proposed that the Committee notes:

- (i) the findings of the Accounts Commission report,
- (ii) the key messages and recommendations contained therein; and
- (iii) North Ayrshire Council's current approach in relation to each.

4. Implications/Socio-economic Duty

Financial

4.1 None.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 None.

Key Priorities

4.6 None.

Community Wealth Building

4.7 None.

5. Consultation

5.1 Executive Directors and Heads of Service have been consulted on the NAC responses to the key messages highlighted within this report.

Mark Boyd
Head of Service (Finance)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551** or **DavidForbes@north-ayrshire.gov.uk**.

Background Papers

Accounts Commission's Report: Local Government in Scotland: Overview 2022, Audit and Scrutiny Committee, 27 September 2022

NORTH AYRSHIRE COUNCIL

5 September 2023

Audit and Scrutiny Committee

Title: Internal Audit Reports issued

Purpose: To inform the Committee of the findings of Internal Audit work completed between May and August 2023.

Recommendation: That the Committee considers the outcomes from the Internal Audit work completed.

1. Executive Summary

- 1.1 The Council's local Code of Corporate Governance requires effective arrangements to be put in place for the objective review of risk management and internal control. Internal Audit is an important element in this framework as it reviews internal controls and offers Elected Members and officers an objective and independent appraisal of how effectively resources are being managed.
- 1.2 The remit of the Audit and Scrutiny Committee includes the monitoring of Internal Audit activity. The submission and consideration of regular reports assists the Committee in fulfilling this remit.

2. Background

- 2.1 This report provides information on Internal Audit work completed between May and August 2023. Internal control reviews have been completed in respect of the areas detailed in Appendix 1 to this report. The aim of these reviews is to provide assurance that the internal control framework within the areas examined is appropriate and operating effectively.
- 2.2 The findings from each audit assignment have been notified in writing to the Chief Executive, the Section 95 Officer and the relevant Executive Director and Head of Service on the completion of each assignment. Where appropriate, this has included an action plan with recommendations for improving internal control. Appendix 1 includes the report and action plan from each audit.
- 2.3 The findings from five separate audit assignments are detailed at Appendix 1 to this report and the levels of assurance for each are noted in the table below:

Audit Title	Assurance Level
Glow	Reasonable
Transport	Substantial
Payroll Transaction Testing	Reasonable
ASN Provision	Reasonable
Income Collection	Reasonable

3. Proposals

- 3.1 It is proposed that the Committee considers the outcomes from the Internal Audit work completed between May and August 2023.

4. Implications/Socio-economic Duty

Financial

- 4.1 None.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 None.

Climate Change and Carbon

- 4.5 None.

Key Priorities

- 4.6 The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

- 4.7 None.

5. Consultation

- 5.1 The relevant Services are consulted on Internal Audit findings during each audit assignment.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk)**, on **01294 324524**.

Background Papers

None.

GLOW

1 Background

- 1.1 Glow is Scotland's national digital learning platform provided by the Scottish Government and managed by Education Scotland. It provides learners and educators across Scotland with an environment that can support learning across the whole curriculum through the core services such as Microsoft M365, Google Workspace for Education and WordPress blogs.
- 1.2 The scope of the audit was restricted to staff use and did not cover pupil use.
- 1.3 Every staff member and pupil will be set up with a Glow account. SEEMiS is a supported management information system used in Scottish local authority schools to record pupil information such as personal information and attendance. Glow accounts are provisioned based on the data received from SEEMiS.
- 1.4 There is one tenancy for all Scottish Local Authorities. The system is a single sign on, so once a user has been authenticated, they will gain access to Google and Microsoft software and apps.
- 1.5 The Glow Connects website provides Glow Policy documents and this includes the Data Privacy Impact Assessment which assesses the privacy implications associated with the use of Glow. One of the risks states "teaching staff may use Glow to store sensitive information". The Education Scotland response states that the Glow Community Rules makes it clear that sensitive information must not be stored or shared in Glow.

2 Objectives and Scope

- 2.1 The objectives of the audit are to ensure that:
 - Appropriate guidance and staff training is provided to Glow users, focusing on the storage, and sending of personal/sensitive data.
 - There is a robust process in place for new starts, movers and leavers and strong password controls are in place.
 - Access to administrator roles is restricted to a small number of key staff and there is an approval process in place for adding new applications.
 - Every school has at least 2 corporate email accounts for sending personal/sensitive data and are advised they should be used for such purpose.
 - There are proper controls in place for the data synchronisation process between SEEMiS and Glow.

3 Findings

Guidance and Staff Training

- 3.1 There are several guidance documents available on the Glow Connects website. A Glow Information document is issued to all probationers and reissued to existing staff annually. This guidance refers to the additional guidance provided on the Glow Connects website rather than incorporating it within the guidance. Although guidance is available to users, there is no mandatory local guidance that

Glow users are asked to read and sign up to that ensures there is evidence users have been made aware that personal and sensitive data should not be stored in Glow or shared via Glow email. The Information for Educators document on the Glow Connects website should be incorporated into the mandatory local guidance. In addition, there is no guidance issued to a new Glow user when advised via email that a new account has been set up and the login details are provided to ensure they are advised of the rules before using the system. **(action a)**

- 3.2 There is no mandatory training provided to Glow users which incorporates the types of data suitable to store and send via this system. **(action b)**

User Access Controls

- 3.3 The Password Guidance recommends the use of passphrases which is in line with the Acceptable Use Policy. The auditor was provided with the password policy for NA Central which requires a strong password for teaching staff and non-teaching staff and a very strong password for administrators. Although each school can amend their password policy, the password strength can only be increased from that evidenced at NA Central and cannot be weakened. There are no findings to note from this testing.

- 3.4 It was not possible to obtain a full list of all Glow users so the auditor selected a sample of 5 primaries, 5 academies and the NA Central location to perform various audit tests. User testing identified the following findings which were passed to the Digital Development Officer to review and action:
- There were 55 users that did not match to the Payroll system.
 - There were 50 users with a Teaching role in Glow that had no GTC number on the Payroll system, indicating they should have been allocated a non-teaching role.
 - There were 26 duplicate users by testing same first name and surname.
 - There were 27 generic usernames found.
 - There were 9 email accounts that do not follow the standard email naming format.
 - There were 23 employees that had moved schools within NAC but the Glow account had not been updated.
 - There were 58 users that had left the Council and still had an active Glow account.

- 3.5 The above testing highlighted that 5 SEEMIS work records had not been closed for movers and 18 SEEMIS work records had not been closed for leavers, indicating that the correct action had not been taken on a timely basis to ensure the SEEMIS work record was closed allowing Glow to be updated. **(action c)**

Administrator User Controls

- 3.6 There were 484 users with administrator access and 310 users had super admin rights. Further testing identified 24 schools had 5 or more super admin users with some schools having up to 14 super admin users. The results were passed to the Digital Development Officer who contacted the relevant schools to reduce these numbers to a more reasonable level. However, the Digital Development Officer advised that every generic school Glow account has been granted Super Admin

rights. Although the number of Glow accounts with Super Admin rights has been restricted, given that the school Glow account is a generic account, more than 1 staff member will have access to it therefore increasing the number of Glow users with Super Admin roles. On the advice of audit the generic school Glow accounts no longer have Super Admin rights.

- 3.7** The auditor advised that an annual review of administrator access should be carried out to ensure the number of administrators is reasonable and the number of super admin users remains restricted to a limited number of users. The Digital Development Officer provided an information sheet to the schools explaining the different admin rights to ensure the proper level of admin rights are allocated going forward. **(action d)**

Email Controls

- 3.8** Due to the risk identified of using Glow email to send personal or sensitive information, Education advised users that Outlook email in Glow should not be used to send personal or sensitive information via this system. Instead, at least 2 employees in every school were given a Corporate Outlook email address which is to be used for sending personal or sensitive information. The auditor tested to ensure all schools had at least 2 employees with a Corporate Outlook email address and there were no findings to report from this testing.

SEEMiS and Glow Data Synchronisation Process

- 3.9** The audit testing in this area was limited to obtaining confirmation from RM Unify regarding the data synchronisation process and testing a sample of new starts to verify that they had a Glow account set up and a sample of leavers had their Glow account deactivated. There were no findings to report from this testing.

4 Internal Audit Opinion

- 4.1** Overall, reasonable assurance was obtained with regard to the controls around the Glow system. Although guidance is available to users, there is no evidence that users have been advised that personal/sensitive data should not be stored or sent via Glow, either via guidance or training. In addition, a significant number of users had Super Admin rights and action was taken to reduce users with this level of access.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN GLOW

Action	a
Finding	A Glow Information document is issued to all probationers and reissued to existing staff annually. This guidance refers to the additional guidance provided on the Glow Connects website rather than incorporating it within the guidance. Although guidance is available to users, there is no mandatory local guidance that Glow users are asked to read and sign up to that ensures there is evidence users have been made aware that personal and sensitive data should not be stored in Glow or shared via Glow email. In addition, there is no guidance issued to a new Glow user when advised via email that a new account has been set up and the login details are provided to ensure they are advised of the rules before using the system.
Action Description	Mandatory local guidance for Glow should be prepared and should incorporate the Information for Educators document provided on the Glow Connects website. The Glow guidance should be included in the email issued to all new Glow users. The Glow guidance should be incorporated into the mandatory e-learning module to provide evidence users have been made aware that personal and sensitive data should not be stored in Glow or sent via Glow email.
Risk	Without proper guidance, Glow users may use Glow to store or send personal or sensitive data which may result in a data breach and a potential fine from the Information Commissioner.
Priority (1, 2, 3)	2
Paragraph Reference	3.1
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Susan Lauder, Senior Manager (IT Strategic Lead)
Due Date	August 2023
Management Comment	Local guidance document to be created and sent to all users initially. Guidance will be on NACED Inform. New users will receive this guidance by email when account set up. Mandatory i-learn module to be created which must be completed annually by all users of Glow. All users will be required to complete this in August 2023 at the start of the new school session.

Action	b
Finding	There is no mandatory training provided to Glow users which incorporates the types of data suitable to store and send via Glow.
Action Description	Mandatory e-learning training that covers the type of data that can and cannot be stored and sent via Glow should be provided to all Glow users on an annual basis and should be provided to all new users as soon as possible.

Risk	Without proper training, Glow users may use Glow to store or send personal or sensitive data which may result in a data breach and a potential fine from the Information Commissioner.
Priority (1, 2, 3)	2
Paragraph Reference	3.2
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Susan Lauder, Senior Manager (IT Strategic Lead)
Due Date	August 2023
Management Comment	Mandatory i-learn module to be created which must be completed annually by all users of Glow.

Action	c
Finding	The user testing on movers and leavers highlighted that the SEEMIS work record had not been changed or closed on a timely basis.
Action Description	Communication should be issued to ensure that SEEMIS work records are changed and closed on a timely basis for movers and leavers to ensure the Glow account is updated accordingly.
Risk	Leavers and movers continue to have access to Glow inappropriately.
Priority (1, 2, 3)	2
Paragraph Reference	3.5
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Lynn Taylor, Senior Manager
Due Date	June 2023
Management Comment	A communication will be issued re HT Comms for sharing with EBAs and by email to all EBOs reinforcing this action.

Action	d
Finding	There were 484 users with administrator access and 310 users had super admin rights. Further testing identified 24 schools had 5 or more super admin users with some schools having up to 14 super admin users.
Action Description	An annual review of administrator access should be carried out to ensure the number of administrators is reasonable and the number of super admin users remains restricted to a limited number of users.
Risk	Staff have full access to the system and have an access level higher than their job role.
Priority (1, 2, 3)	2
Paragraph Reference	3.7
Managed by	Andrew McClelland, Head of Service (Education)
Assigned to	Susan Lauder, Senior Manager (IT Strategic Lead)
Due Date	August 2023
Management Comment	This action is complete to date and will be completed on an annual basis – from August 2023.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

TRANSPORT

1 Background

- 1.1 This audit was carried as an addition to the approved 2023/24 Audit Plan following a concern that was raised anonymously.

2 Objectives and Scope

- 2.1 The objective of this audit was to ensure that:-
- All Council vehicles are being MOT'd timeously
 - There is a detailed audit trail available for all disposals
 - External hires are being arranged in accordance with the Council's Standing Orders relating to Contracts

3 Findings

MOTs

- 3.1 KPIs generated by Fleetwave (Transport's fleet management system) are the key method used to monitor when MOTs are due.
- 3.2 A traffic light system is used to flag to officers when MOTs are getting close to their due date.
- 3.3 In order to ensure that MOTs are being carried out on or before their due date, Audit tested a sample of:-
- 30 vehicles that were MOT'd between 1 Mar 22 and 31 Dec 22
 - 19 vehicles that were MOT'd between 1 Jan 23 and 5 May 23
- 3.4 Audit found a total of 11 vehicles that had not been MOT'd on time. Transport confirmed that all these vehicles were off the road awaiting repairs prior to their MOT date. Delays in repairs prevented the vehicles being fit for MOT on their due date.

Disposals

- 3.5 Audit selected a sample of 10 disposals made between 1 April 21 and 31 March 23 and for each ensured there was evidence of:-
- Written justification for the need to dispose – approved by both the Workshop Manager and Senior Transport Manager
 - The DVLA being notified of the disposal (V5)
 - A receipt for the disposal.
- 3.6 3 of the disposals tested were planned - 1 was the disposal of an excess vehicle and 2 were part of the vehicle replacement programme.

- 3.7 For the remaining 7 vehicles - disposals were based on the vehicles being uneconomical to repair. Detailed repair costing information was available to justify the decision. All disposal decisions had been approved.
- 3.8 Transport provided evidence of the DVLA being notified of all disposals.
- 3.9 All vehicles tested were disposed of either via auction or salvage – which is in line with the Service’s Asset Management Plan. Invoices were available for all disposal proceeds.

External Hires

- 3.10 Audit analysed all spend on external hires during 2022/23. For suppliers where expenditure was > £10k, Audit sought confirmation that a procurement contract was in place.
- 3.11 As a result, Transport has agreed to investigate whether STAR agreements should be put in place with 2 suppliers who provide specialist services not available via procurement frameworks.
- 3.12 No other issues were noted during testing.

4 Internal Audit Opinion

- 4.1 Overall, substantial assurance was obtained with regard the areas of Transport covered within this Audit.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

PAYROLL TRANSACTION TESTING

1 Background

- 1.1 This audit was conducted as part of the approved 2022/23 Internal Audit Plan and used computer audit software to interrogate the HR Payroll system and examined any anomalies which arose.
- 1.2 Audit software called IDEA (Interactive Data Extraction and Analysis) has been used to carry out this testing.
- 1.3 The Employee Account is used to access and complete internal online forms for contract amendments and terminations.
- 1.4 Payroll Transaction Testing is usually carried out every 6 months and an audit report issued for each audit. In 2022/23, 2 audits have been carried out but only 1 audit report will be issued covering the findings and actions from both audits.

2 Objectives and Scope

- 2.1 The main objectives of this audit were to ensure that:
 - High overtime payments are valid and properly authorised and no duplicate overtime payments have been made.
 - Employees working an average of 48+ hours per week have complied with the working time directive regulations.
 - Employees last pay is correct, properly authorised and any overpayments have been identified and rectified.
 - Salary amendments are valid and authorised.
 - High mileage claims are in line with the Terms and Conditions of Employment, are valid and authorised.
 - Travel and Subsistence expenses are in line with the Terms and Conditions of Employment, are valid and authorised.
 - Employees details are valid and complete.
 - Allowances and deductions are in line with the Terms and Conditions of Employment, are valid and properly authorised.
- 2.2 The quarter 1 audit covered the period 1st March 2021 to 31st March 2022. Testing covered the following areas – overtime testing, leavers last pay, salary amendments, employee details and allowances.
- 2.3 The quarter 3 audit covered the period 1st April 2022 to 30th September 2022. Testing covered the following areas – overtime testing, working time regulations, leavers last pay, salary amendments, high mileage claims, travel and subsistence expenses, employee details, allowances and deductions.

3 Findings for quarter 1 audit

Overtime Testing

- 3.1 A sample of 10 high overtime payments were selected and it was noted that in 2 out of 10 cases the overtime forms did not record the reason for the overtime.

- 3.2 The hours worked on one of the Building Service standby timesheets was higher than the times recorded on the job details form even though the job details form states “total hours for each day must be the same as the attendance on the front of this sheet”. **(action a)**
- 3.3 The auditor testing for potential duplicate overtime to the same employee by testing same payment period and amount but paid in different payrun. There were no findings to note from the sample tested.

Leavers Last Pay

- 3.4 A sample of 10 leavers were selected to check their last pay and in 7 out of 10 cases the termination forms were submitted after the leaving date. In 9 cases the employee continued to be paid after they left which resulted in an overpayment. The overpayments have been identified and rectified by the Payroll team. One of the overpayments has been calculated incorrectly and the employee is owed £78.17 which Payroll have agreed to rectify. It should be noted that in one case the overpayment was significant enough to trigger Payroll notifying Internal Audit and the normal process was followed.
- 3.5 One of the termination forms was approved by someone who is an authorised signatory but is not authorised to approve terminations. The auditor advised that if it is part of their role to approve termination forms, they should speak to their line manager to amend the authorised signatories on the HR Payroll system to include terminations.
- 3.6 The auditor tested for employees who left within 21 days and there were 19 employees meeting this criteria so all were checked. In 15 cases the termination forms were received after the leaving date and in 1 case there was no termination form. In 1 case the employees only pay processed in error and this was rectified before payment was made to the employee.

Salary Amendments

- 3.7 A sample of 10 salary amendments were selected and in 3 out of 10 cases the contract amendment form was received after the amendments effective date.

Employee Details

- 3.8 The auditor tested for employees with the same post number but different employee number and found 54 but in 45 there were no overlaps in pays which left 9 to check further and 8 were passed to Resourcing to query. Resourcing provided explanations for each and there were no findings to note.
- 3.9 The auditor also tested for blank national insurance numbers, invalid national insurance numbers, blank date of birth, duplicate bank details and employees without bank details. There are no findings to report for this testing.

Allowances

- 3.10** The allowances paid were summarised and the 2 selected to test further were Responsibility Allowance and Contracted Overtime 4.5hours at time and a half. There are no findings to report from this testing. It should be noted that the Senior Manager, Facilities Management, advised 4 janitors are in receipt of Contracted Overtime 4.5 hours at time and a half is an allowance which along with the Weekend Check allowance results in a 47¾ hours historical contract from Strathclyde Region days.

4 Findings for quarter 3 audit

Overtime Testing

- 4.1** A sample of 10 high overtime payments were tested.
- 4.2** The hours worked on one of the Building Service standby timesheets was higher than the times recorded on the job details form even though the job details form states “total hours for each day must be the same as the attendance on the front of this sheet”. **(action a)**
- 4.3** The following findings were noted for the Streetscene employees in the sample:
- One of the overtime forms has been signed by a supervisor who is not an authorised signatory.
 - One of the employees had 2 overtime forms to support the overtime payment and neither had been signed or dated by a supervisor. The forms had been keyed by the Payroll team. The Senior Manager (Employee Services) has issued an email to the Payroll team to remind them that a thorough check is made to ensure there is the required evidence that the timesheet has been approved and the approval has been carried out by an authorised signatory.
 - 3 of the employees’ overtime forms did not record the reason for the overtime worked. **(actions b, c, d)**
- 4.4** The auditor tested for potential duplicate overtime to the same employee by testing same payment period and amount but paid in different payrun. There were no findings to note from the sample tested.

Working Time Regulations

- 4.5** There were 53 employees working an average of 48+ hours per week either based on basic hours only or basic hours and overtime hours. A sample of 14 were checked and only 4 had the opt out recorded on the Working Time Regulations screen on the HR Payroll system. The auditor contacted each service to request a copy of the working time regulations opt out form.
- 4.6** There was 1 Community Facilities employee in the sample and the employee had not completed a working time regulations opt out form. The Team Manager confirmed the employee has now completed the working time regulations opt out form. The Team Manager also confirmed Community Facilities employees would be reminded to advise the Service if they commence additional contracts.
- 4.7** There were 2 Building Services employees in the sample and one of the employees had not completed a working time regulations opt out form. The

Senior Manager confirmed the employee has now completed the working time regulations opt out form.

- 4.8 There were 2 Waste Operations employees in the sample and neither of them have completed the working time regulations opt out form. The Senior Manager confirmed the employees have now completed the working time regulations opt out form.
- 4.9 There were 4 Facilities Management employees in the sample and 3 had completed the working time regulations opt out form and 1 had not. The Senior Manager confirmed the employee would be advised to complete the working time regulations opt out form and will complete a sense check review.
- 4.10 There were 5 Streetscene employees in the sample and none of them have completed a working time regulations opt out form. The Senior Manager confirmed that the service is reviewing this to ensure the opt out process is properly documented.

Leavers Last Pay

- 4.11 A sample of 10 leavers were selected to check their last pay and in 9 out of 10 cases the termination forms were submitted after the leaving date. In 3 cases this resulted in overpayments which have been identified and rectified by the Payroll team.
- 4.12 The auditor tested for employees who left within 21 days and there were 13 employees meeting this criteria so all were checked. In 2 cases where the employee started and left on the same day, the monthly pay was processed and re-banked. In 2 cases the full monthly pay was processed resulting in an overpayment but action was taken to reclaim the overpayment so the employees were only paid for actual days worked.

Salary Amendments

- 4.13 A sample of 10 salary amendments were selected and in 7 out of 10 cases the contract amendment form was received after the amendments effective date. There are no other findings to note.

Mileage Claims

- 4.14 A sample of 10 high mileage claims were selected and in 2 cases the form was not submitted within 3 months, but an explanation was provided for the delay and was approved by an authorised signatory. There are no other findings to note.

Travel and Subsistence Expenses

- 4.15 A sample of 10 travel and subsistence claims were selected and in 1 case the employee was overpaid £193.80 due to an error when the claim was submitted which resulted in the same claim being submitted and approved 7 times. This was identified by the employee and rectified by the Payroll team. The Senior Manager, Employee Services, investigated and found the reason for this error

was due to a missing email address for the requested approver in the HR21 system and when corrected resulted in all claims being approved.

Employee Details

- 4.16 The auditor tested for employees with the same post number but different employee number and found 53 but in 44 there were no overlaps in pays which left 8 to check further and 5 were passed to Resourcing to query. Resourcing provided explanations for each and advised in one case there was a mix up with post numbers and this has been passed to Payroll to rectify.
- 4.17 The auditor also tested for blank national insurance numbers, invalid national insurance numbers, blank date of birth, duplicate bank details and employees without bank details. There are no findings to report for this testing.

Allowances and Deductions


- 4.18 The allowances paid were summarised and the 3 selected to test further were Mental Health, Responsibility Allowance and Statutory Officer. A sample of 10 payments were selected and in 4 cases the contract amendment form or the approval email was received after the start date for the new allowance; however, the allowances were set up on the HR Payroll system with the correct start date.
- 4.19 Selected a sample of 5 deductions and there were no findings to note.

5 Internal Audit Opinion

- 5.1 Overall, reasonable assurance was obtained with regard to the testing carried out on the HR Payroll system. It should be noted that the late submission of forms continues to be identified and in the case of termination forms resulted in 12 employees continuing to be paid after the leaving date. The Senior Manager, Employee Services will issue a reminder to all services to ensure that paperwork is submitted in advance.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk

 management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN PAYROLL TRANSACTION TESTING

Action	a
Finding	The hours worked on 2 Building Service standby timesheets were higher than the times recorded on the job details form even though the job details form states “total hours for each day must be the same as the attendance on the front of this sheet”.
Action Description	Approvers should be reminded to ensure that the job details forms are properly completed and the total hours for each day agrees to the hours recorded on the standby timesheet before approving.
Risk	Overtime paid for hours not worked.
Priority (1, 2, 3)	2
Paragraph Reference	3.2, 4.2
Managed by	Yvonne Baulk, Head of Service (Housing & Public Protection)
Assigned to	Leigh-Ann Mitchell, Senior Manager (Governance)
Due Date	31 st July 2023
Management Comment	The timesheets in question have been reviewed and the differences are down to human error. The operative was including travel time and the two hour call out charge on the front of the form but only recoding direct time on the job on the back causing them both to differ. This has been discussed with the operative and he is now aware that both the front and back of the form require to match and all information should be recorded. In addition to this an email will be issued to all supervisors reminding them that both the front and back of timesheets should be checked and should match before authorising and issuing for payment.

Action	b
Finding	A Streetscene overtime form has been signed by a supervisor who is not an authorised signatory.
Action Description	Supervisors should be reminded they should only approve overtime if they are an authorised signatory and if this is part of their role they should arrange to be added as an authorised signatory.
Risk	Overtime may not be suitably authorised.
Priority (1, 2, 3)	2
Paragraph Reference	4.3
Managed by	Thomas Reaney, Head of Service (Neighbourhood Services)
Assigned to	Wallace Turpie, Senior Manager, Operations (Streetscene & Waste)
Due Date	Complete
Management Comment	The Senior Manager Operations (Streetscene & Waste) and Operations Manger (Streetscene) met on 28th June 2023 to review all authorised signatories within the Streetscene Operations. This identified several gaps where people had changed job or “acted up” to cover holiday periods and sickness. A comprehensive list has been developed and this has been submitted to Business Support HR via e-forms.

Action	c
Finding	There were 2 overtime forms completed by a Streetscene employee that had not been signed or dated by a supervisor.
Action Description	Staff should be reminded to ensure that overtime forms have been approved before they are sent to Payroll to process.
Risk	No independent check overtime hours worked are correct and valid.
Priority (1, 2, 3)	1
Paragraph Reference	4.3
Managed by	Thomas Reaney, Head of Service (Neighbourhood Services)
Assigned to	Mark McNeil, Operations Manager (Streetscene)
Due Date	Complete
Management Comment	The Operations Manager (Streetscene) has briefed the supervisory group to ensure forms are all signed and dated properly and only submitted once complete and to include the reason for the overtime.

Action	d
Finding	There were 3 Streetscene employees whose overtime forms did not record the reason for the overtime worked.
Action Description	The reason for the overtime hours being claimed should be noted on the overtime form.
Risk	There is a lack of audit trail to justify the overtime hours being claimed.
Priority (1, 2, 3)	2
Paragraph Reference	4.3
Managed by	Thomas Reaney, Head of Service (Neighbourhood Services)
Assigned to	Mark McNeil, Operations Manager (Streetscene)
Due Date	Complete
Management Comment	The Operations Manager (Streetscene) has briefed the supervisory group to ensure forms are all signed and dated properly and only submitted once complete and to include the reason for the overtime.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

ASN PROVISION

1 Background

- 1.1 This audit has focussed on the external day placement element of the Council's overall ASN (Additional Support Needs) provision.
- 1.2 External day placements are provided by 3rd party suppliers and are used when a child or young person requires specific support that cannot be met from North Ayrshire Council resources.
- 1.3 The Council only uses such placements in exceptional circumstances – after all other provision, approaches and strategies available via NAC resources have been considered and either trialled or ruled out as being inappropriate.

2 Objectives and Scope

- 2.1 The objective of this audit was to ensure:-
 - There is evidence of an in-depth assessment process prior to an external day placement being approved for a child or young person
 - Any changes to a child or young person's placement have been suitably considered and approved prior to the change being actioned
 - The financial implications of new placements, changes to existing placements and child or young person's leaving placements are being accurately monitored
 - Access to sensitive electronic data is being restricted to only those who need it.

3 Findings

- 3.1 The Service has a detailed Inclusion Process that sets out the Council's approach to ASN placements.
- 3.2 In addition, the Service also has step by step procedures that deal with the administration of the overall process.
- 3.3 During audit testing it became clear that these step by step procedures are for situations where there is time to plan a placement. The volatile nature of some cases means there isn't always the time, or need, to go through all the steps. Audit has therefore focussed on ensuring the intention behind the steps, rather than the specific steps themselves, are being achieved for all cases.

Approval of an external day placement

- 3.4 Audit reviewed all new external placements in 2022/23 and ensured:-
 - The Council's Inclusion Group (IG) had given the child or young person's Psychologist authority to investigate the suitability of an external day placement
 - There is evidence of any suggestions or recommendations made by the IG being fulfilled by the child or young person's Psychologist
 - The Principal Psychologist has approved the placement.

- 3.5 IG approval (or Head of Service approval in cases of emergency placement) was available for all new starts.
- 3.6 There is no formal process for recording responses to IG suggestions/recommendations. It is therefore not possible to confirm whether these factored into the final placement decision. **(action point a)**
- 3.7 There isn't always written confirmation of the Principal Psychologist approving the final placement choice. **(action point a)**

Changes to existing placements

- 3.8 The Council's Inclusion Process states that any significant changes to a placement should be brought to the IG for consideration.
- 3.9 Audit identified only 1 significant change of placement during audit testing. The case was not brought to the IG for consideration, nor was it approved by the Principal Psychologist. **(action point b)**

Financial implications of placements

- 3.10 For all new starts, leavers and change of placements since 1 April 2022, Audit reviewed the invoices from suppliers to ensure the Council had been charged for the correct number of days service.
- 3.11 1 incident of a minor overcharge to the Council was identified during detailed testing. The Service has subsequently contacted the supplier and agreed a reduction in a future invoice to offset the overpayment.
- 3.12 When testing leavers, the Service had to confirm dates for 2 leavers with suppliers as these were not clear/recorded in the Council's own records. **(action point c)**
- 3.13 Audit also reviewed the financial projections for the above cases to ensure these were accurate. No issues were noted.

Access to data

- 3.14 The Service provided details of 2 filepaths, 2 SharePoint locations and FORT software that are used to store and share sensitive data.
- 3.15 For each of the above 5 storage locations, Audit obtained details of all officers with access. Reviewing the job titles of these officers highlighted no concerns.
- 3.16 FORT is a hosted system, therefore data is stored external to the Council.
- 3.17 Audit obtained a signed copy of the data sharing agreement signed by the Principal Educational Psychologist and a representative of the supplier. The Service was also able to provide a DPIA (Data Protection Information Assessment) which, at the time of the audit, was being reviewed by the Information Governance Team.

4 Internal Audit Opinion

4.1 Overall, reasonable assurance was obtained with regard the areas covered by this Audit.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN ASN PROVISION

Action	a
Finding	Not all steps of approving a day placement are being formally evidenced.
Action Description	<p>Consideration should be given to expanding IG Outcome minute to include:-</p> <ul style="list-style-type: none"> • a box for the child or young person's Psychologist to respond to any comments or recommendations made by the IG group. • a box for the child or young person's Psychologist to confirm what external provider they have selected, and why. • a box for the Principal Psychologist to sign to evidence that they are satisfied with the Education Psychologist's choice and approve the placement.
Risk	<p>The Council can't evidence or justify its decision making process surrounding a child or young person's placement decision.</p> <p>No evidence of budget holder approving expenditure.</p>
Priority (1, 2, 3)	1
Paragraph Reference	3.6; 3.7
Managed by	Andrew McClelland, Head of Service
Assigned to	Gail Nowek, Principal Education Psychologist
Due Date	31/07/2023
Management Comment	<p>Changes to the minute template of the \Inclusion \group will be made to include:</p> <ul style="list-style-type: none"> • a box for the young person's Psychologist to respond to any comments or recommendations made by the IG group. • a box for the young person's Psychologist to confirm what external provider they have selected, and why. • a box for the Principal Psychologist to sign to evidence that they are satisfied with the Education Psychologist's choice and approve the placement. • The changes to the paperwork will also be further ratified by the Supporting Needs workstream.

Action	b
Finding	Audit identified only 1 significant change of placement during audit testing. The case was not brought to the IG for consideration, nor was it approved by the Principal Psychologist.
Action Description	<p>A reminder should be sent to all Psychologists and HSCP officers who deal with placements of the need to present all potential significant placement changes to the IG for consideration.</p> <p>Using the revised IG outcome minute proforma (as suggested in action a) will ensure detailed justification for the final placement decision, along with the Principal Psychologist's approval is formally recorded.</p>
Risk	The expertise of IG members is not being sought; the Council can't evidence its decision making process when changing a pupil's placement; no evidence of budget holder approving expenditure.
Priority (1, 2, 3)	1
Paragraph Reference	3.9
Managed by	Andrew McClelland, Head of Service
Assigned to	Gail Nowek, Principal Education Psychologist
Due Date	31/07/2023
Management Comment	<p>Psychologists and relevant HSCP officers will be reminded by email and at through discussion at Team meeting of the need to present all potential significant placement changes to the IG for consideration.</p> <p>The revised IG outcome minute proforma (as suggested in action a) will be used to ensure detailed justification for the final placement decision, along with the Principal Psychologist's record of formal approval.</p>

Action	c
Finding	Not all key dates relating to young people are being recorded.
Action Description	All Psychologists should be reminded of the need to keep a formal record of all key dates relating to young peoples' placements.
Risk	Incomplete records. The Council cannot evidence the dates of the placement if there are any future queries.
Priority (1, 2, 3)	2
Paragraph Reference	3.12
Managed by	Andrew McClelland, Head of Service
Assigned to	Gail Nowek, Principal Education Psychologist
Due Date	31/07/2023
Management Comment	All Psychologists will be reminded by email and through discussion at Team meeting of the need to keep a formal record of all key dates relating to young peoples' placements.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

INCOME COLLECTION – ACCESS CONTROLS

1 Background

- 1.1 CivicaPay is the Council's income management system. This system was introduced in 2021 as a replacement for PARIS.
- 1.2 CivicaPay holds sensitive information. This Audit has therefore focussed on ensuring that access to CivicaPay is strictly limited to those who need it for work purposes.

2 Objectives and Scope

- 2.1 The objective of this audit was to ensure:-
 - access to CivicaPay is tightly controlled
 - user accounts are regularly reviewed to ensure they remain relevant and necessary.
- 2.2 Resourcing issues in the client service have limited the scope of this audit to the areas noted above in 2.1, however the intention is to re-visit Income Collection in more detail in 2024/25.

3 Findings

Access controls

- 3.1 Access to CivicaPay is controlled via:-
 - line managers having responsibility for submitting new user requests
 - administrators actioning the monthly movers/leavers reports circulated by ICT to remove all user accounts that are no longer necessary for work purposes
 - the deactivating of user accounts that haven't been accessed in 90 days.
- 3.2 Password controls such as:-
 - only allowing 3 incorrect logins before the user account is locked,
 - not allowing users to reuse any of their last 4 passwords,
 - forcing password changes every 90 days.

are in place, however Audit did note that the minimum number of characters for passwords within the system does not comply with the Council's 'Creating secure passphrases guidance'. **(action point a)**

User Testing

- 3.3 Audit obtained a list of all active CivicaPay user accounts as at February 23 and compared this to a list of all employees from CHRIS.
- 3.4 No instances of employees who have left the Council still having active CivicaPay accounts were identified.

- 3.5 6 user accounts were identified as belonging to NHS employees. The users are not NAC employees and therefore Audit sought confirmation that 3rd party user agreements (or an equivalent) have been signed.
- 3.6 ICT has confirmed that the NHS users should be receiving the quarterly AUP (Acceptable Use Policy) meta-compliance message through which they would confirm to adhere to NAC ICT policies and procedures.
- 3.7 However, further investigation has highlighted that these individuals did not receive the most recent message. ICT are investigating this issue at present with the intention of ensuring they are included in all future messages. **(action point b)**

4 Internal Audit Opinion

- 4.1 Overall, reasonable assurance was obtained with regard the access controls covered by this audit.

Definitions of Assurance Levels:

Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
None	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

NB The level of assurance given is at the discretion of Internal Audit.

KEY FINDINGS AND ACTION PLAN INCOME COLLECTION

Action	a
Finding	Password controls within CivicaPay do not fully comply with the Council's 'Creating secure passphrases guidance'.
Action Description	Minimum number of characters criteria within CivicaPay to be increased to 12.
Risk	Unauthorised access to CivicaPay more likely due to weak passwords; Council guidance not being applied.
Priority (1, 2, 3)	2
Paragraph Reference	3.2
Managed by	Mark Boyd, Head of Service (Finance)
Assigned to	David Forbes, Senior Manager (Financial Management)
Due Date	30 September 2023
Management Comment	Engagement with the vendor will be undertaken to establish the scope for changes to password character configuration to be brought in line with the Council standards.

Action	b
Finding	NHS users are not being asked to formally comply with the Council's ICT AUP (Acceptable Use Policy).
Action Description	Quarterly meta-compliance messages regarding the Council's AUP should be received and accepted by all system users. If a user is unable to receive meta-compliance messages then an alternative route for 3 rd party acceptance should be sought.
Risk	Inappropriate use of Council ICT systems due to lack of knowledge.
Priority (1, 2, 3)	1
Paragraph Reference	3.7
Managed by	Fiona Walker, Head of Service (People & ICT)
Assigned to	James McNeil, Team Manager (ICT)
Due Date	30 October 2023
Management Comment	The 6 staff identified by Audit as not having received and accepted the 3 rd party AUP during the audit were resent via Metacompliance. Going forward, 3 rd party acceptance by staff who are identified as NHS or other non-NAC will be sought using a Microsoft Form. This form will contain all the information necessary to read and accept the Council's ICT AUP (Acceptable Use Policy). Form responses will be monitored for acceptance.

Priority Key used in Action Plan

1 (High)	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
2 (Medium)	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
3 (Low)	Minor weakness or points for improvement.

NORTH AYRSHIRE COUNCIL**5 September 2023****Audit and Scrutiny Committee**

Title: **Internal Audit and Corporate Fraud Action Plans:
Quarter 1 update**

Purpose: To advise the Audit and Scrutiny Committee on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 30 June 2023.

Recommendation: That the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those Services that have not implemented actions within the previously agreed timescales.

1. Executive Summary

- 1.1 The CIPFA document 'Audit Committee Principles in Local Authorities in Scotland' highlights that Audit Committees should monitor and review the progress made in implementing audit recommendations.
- 1.2 Service managers are responsible for ensuring that agreed actions arising from Internal Audit and Corporate Fraud reviews are implemented. This provides assurance that identified control weaknesses have been addressed and are being managed effectively.
- 1.3 All actions are monitored on the Pentana system and service managers are responsible for updating Pentana as they progress each action. This enables Internal Audit to monitor progress on a 'real-time' basis and address any delays in implementation.
- 1.4 This report details the position as at 30 June 2023.

2. Background

- 2.1 The last report to the Audit and Scrutiny Committee on 30 May 2023 highlighted that there were 18 actions outstanding at the end of March 2023: four that had not been started or were only partially implemented and 14 where the due date had not yet passed.

- 2.2 In addition to these 18 carried forward actions, there have been 14 new actions agreed, giving a total of 32 action points for review.
- 2.3 Services have completed 23 actions since the last report. All Council Services are required to retain evidence of work carried out in completing their actions and Internal Audit carries out 'spot-checks' on a sample of completed actions on an ongoing basis.
- 2.4 Of the remaining 9 actions, one was partially complete at 30 June 2023 and the remaining eight actions were not due for completion until after that date.
- 2.5 Appendix 1 to this report provides the Committee with full details of the action that was not complete within the agreed timescales.

3. Proposals

- 3.1 It is proposed that the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those Services that have not implemented actions within the previously agreed timescales.

4. Implications/Socio-economic Duty

Financial

- 4.1 None.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 None.

Climate Change and Carbon

- 4.5 None.

Key Priorities

- 4.6 The effective implementation of agreed Internal Audit and Corporate Fraud actions helps to support the efficient delivery of the strategic priorities within the Council Plan 2023-2028.

Community Wealth Building

4.7 None.

5. Consultation

5.1 Council Services are consulted during the completion of each Internal Audit and Corporate Fraud review and have also provided updates on progress made in implementing action points.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Risk)**, on **01294 324524**.

Background Papers

None.

Actions due by 30th June 2023 but not started or partially complete

Code	IA2023PA014a	Description	<p>Action Description: The Assurance Toolkit should be updated each when completing the Annual Assurance Statement. The toolkit should provide audit evidence of the current processes and procedures within the Council.</p> <p>Finding: The SFHA Assurance Toolkit wasn't updated when completing the 2021/22 Annual Assurance Statement.</p> <p>Risk: Prior year toolkits may not reflect current processes.</p>		
Priority	3	Latest Note	It has not been possible to go to Audit & Scrutiny prior to summer recess as there were no dates available that tied in to the ARC submission date of 31/05/23. The Annual Assurance Statement has been scheduled to go to Audit & Scrutiny on 5 September 2023. The toolkit to be used for the update is currently being updated and will be used to inform the return.		
Progress Bar	<input type="text" value="50%"/>	Original Due Date	30-Jun-2023	Due Date	30-Jun-2023
Parent Code & Title	IA2023PA014 Scottish Housing Regulator Annual Assurance Statement			Managed By	Yvonne Baulk
				Assigned To	Fiona Ellis