

Audit and Scrutiny Committee
27 September 2022

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

Present (Physical Participation)

John Bell, Donald Reid, Cameron Inglis, Matthew McLean, Davina McTiernan and John Sweeney.

Present (Remote Participation)

Tom Marshall.

In Attendance (Physical Participation)

C. Cameron, Director, A. Sutherland, Head of Service (Children, Families and Justice) and M. Close, Senior Officer (HSCP); A. McClelland, Head of Service (Education); B. Borthwick and W. Turpie, Senior Managers and J. Smith, Senior Officer (Place); F. Ellis, Senior Manager (Place); M. Boyd, Head of Service (Finance), L. Miller, Senior Manager (Audit, Fraud Safety and Insurance), R. Lynch, Senior Manager (Legal Services), A. Little and H. Clancy, Committee Services Officers (Chief Executive's Service).

Also in Attendance (Physical Participation)

L. Kirkland, B. Griffin and D. Jarrett (NHS).

Chair

Councillor Bell in the Chair.

Apologies

Eleanor Collier.

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 (i) the Ordinary Meeting of the Audit and Scrutiny Committee held on 31 May 2022; and (ii) the Special Meeting held on 30 June 2022 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. External Quality Assessment of Internal Audit by West Dunbartonshire Council

Submitted report by the Head of Service (Finance) on the findings of the recent external review of Internal Audit carried out by West Dunbartonshire Council. The full External Quality Assessment report, including the action plans, was detailed at Appendix 1 to the report.

The Committee agreed to (a) note (i) the findings and action plan from the review of Internal Audit; and (ii) the positive nature of the assessment; and (b) record its thanks to West Dunbartonshire Council Internal Audit for carrying out the review.

4. Accounts Commission's Report: Local Government in Scotland: Overview 2022

Submitted a report by the Head of Service (Finance) on the findings of the Local Government in Scotland Overview 2022 report by the Accounts Commission highlighting key messages and recommendations.

A link to the full report was provided within the Executive Summary which reflected on the evolving and long-term nature of the impact of the Covid-19 pandemic, considered the second year of the pandemic, building on the previous review of the initial response of Councils to the challenges, and assessed the ongoing impact of Covid-19 and Councils' progress towards recovery and renewal.

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

- workforce planning that used a variety of tools and techniques, such as career development, succession planning, vacancy management, redeployment and early release schemes to plan the workforce requirements for the future; and
- a six-monthly review of each Service's workforce plan that is undertaken, to ensure service review and redesign of the workforce is on track.

The Committee agreed to note (i) the findings of the Accounts Commission report; (ii) the recommendations contained in the report; and (iii) North Ayrshire Council's current approach in relation to each recommendation.

5. Internal Audit Annual Update Report: North Ayrshire Integration Joint Board (IJB)

Submitted report by the Head of Service (Finance) on the IJB's Annual Report for 2021/22 and the approved internal audit plan for 2022/23. Substantial assurance was provided over the arrangements in place, and no areas for improvement were identified during the review.

The report also provided details of the Internal Audit Plan 2022/23 and the allocation of 25 audit days from the Internal Audit service of North Ayrshire Council and 10 days from NHS Ayrshire and Arran.

Noted.

6. Strategic Risk Register 2022/23

Submitted report by the Head of Service (Finance) on the Council's agreed Strategic Risk Register for 2022/23. The Strategic Risk Register Report 2022/23, with detailed actions, was provided at Appendix 1 to the report.

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

- a range of finance pressures that had been identified, including additional national insurance contributions, energy cost inflation, contractual commitments as well as significant construction inflation;
- Blackstart workshops that would take place to work through a range of scenarios, including the loss of all power and mobile networks; and
- six strategic sites in North Ayrshire identified to house generators which would be used in the event of a national power outage.

Noted.

7. Internal Audit and Corporate Fraud Action Plans: Quarter 1 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 30 June 2022. Appendix 1 to the report provided full details of seven Internal Audit actions which were not completed within the agreed timescale.

Members asked questions and were provided with further information in relation to data protection information awareness training arranged for Garnock Academy on 22 November 2022.

The Committee agreed to note (i) the current position with the implementation of the Internal Audit and Corporate Fraud actions; and (ii) challenges which were faced by those services which have not implemented actions within the previously agreed timescales.

8. Internal Audit Plan 2022/23: Mid-Year Update

Submitted report by Head of Service (Finance) on progress made in delivering the 2022/23 Internal Audit Plan, including information on two additional audits for inclusion in the 2022/23 Plan and five audits to be deferred to the 2023/24 Internal Audit Plan. Appendix 1 to the report detailed the full Internal Audit Plan for 2022/23.

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

- four audits undertaken to review controls in the Transport Hub in relation to transportation, with a particular focus on the use of taxis; and
- deferral of five audits till 2023/24 to allow audit days to be aligned with available resources.

The Committee agreed to (a) note the current position; (b) approve the inclusion of two additional audit reviews in 2022/23; and (c) approve the deferral of five audits for consideration as part of the 2023/24 Internal Audit Plan.

9. Internal Audit Reports Issued

Submitted report by the Head of Service (Finance) on the findings of Internal Audit work completed between May and August 2022. The findings from eight audit assignments were detailed at Appendix 1 to the report, together with the respective executive summaries and action plans.

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

IJB Compliance with the CIPFA Financial Management Code

- compliance information that had been circulated to staff via email and training that would be provided to services if required.

Accounts Payable Transaction Testing Q4

- 100% of all invoices that had been checked within one accounting period to test for duplicate invoices for payments to suppliers; and
- the provision of further information to Members on possible duplicate invoices

Social Media

- work undertaken to ensure social media accounts aligned with the Council's Communication Strategy;
- the preparation of an Education Digital Strategy; and
- that the Head of Service (Education) would liaise directly with the Chair in relation to school Twitter accounts; and
- the provision of further information by the Head of Service (Education) in relation to school Twitter accounts

VAT

- thirty transactions that required further investigation to cross-check the information behind the data.

Off-Payroll Working (IR35)

- the use of agency staff by HSCP, Building Services and Waste Management; and
- no issues had been noted during the review of transactions with five local suppliers whose contract type and company indicated a Personal Service Company (PSC).

The Committee agreed (a) that the Head of Finance provide further information to Members on possible duplicate invoices; (b) that the Head of Service (Education) liaise directly with the Chair in relation to school Twitter accounts; and (c) to note the outcomes from the Internal Audit work completed as set out in the report.

10. Counter Fraud and Corruption Strategy

Submitted report by the Head of Service (Finance) on the refresh of the Council's Counter Fraud and Corruption Strategy. The refreshed Strategy was detailed at Appendix 1 to the report and set out how the Council aimed to address fraud risk.

The Strategy highlighted the areas of the Council's operations that were viewed as being at greatest risk of fraud and corruption and outlined a number of danger signs or 'red flags' to which the Council must be alert in order to maximise the opportunity to identify potential frauds.

Noted.

11. Annual Assurance Statement to the Scottish Housing Regulator 2021/22

Submitted report by the Executive Director (Place) on the Council's Annual return on the Charter 2021/21 submission and endorsement of the Annual Assurance Statement for submission to the Scottish Housing Regulator. The Annual Assurance Statement was detailed at Appendix 1 to the report.

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

- an update that would be provided to a future meeting on any links between access not being provided to properties to allow upgrades to be undertaken and the slight increase in tenancy offers being refused;
- a range of information that is held on the Asset Management System, including details of properties with compliant and non-compliant smoke alarms;
- issues with a specific arrangement to upgrade smoke alarms that would be examined by the Senior Manager (Housing Strategy & Development) and an update provided to the local Member;
- upgrades to smoke alarm systems that are now completed when gas safety checks are undertaken;

- improved processes that had been put in place to resolve issues that had been experienced with a contactor's recording system for gas safety checks; and
- the provision of a report to the next meeting on staff absences in the previous 3 years.

The Committee agreed (a) that the Committee Chair sign the Annual Assurance Statement detailed at Appendix 1 to the report; (b) to note (i) the Annual Return on the Charter submission 2021-22; (ii) the supporting evidence provided to demonstrate compliance with the regulatory framework; and (iii) the Council's Covid related non-compliance with its legal gas, electrical and fire safety responsibilities, including that all outstanding gas safety checks for 2021/22, have now been carried out; (c) that the Director (Place) provide an update to a future meeting on whether there had been a link between access not being provided to allow upgrades to be undertaken and the slight increase in tenancy offers being refused; and (d) that the Head of Service (People and ICT) provide a report to the next meeting on staff absences in the previous 3 years.

12. 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 item of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

13. Investigation Reports Issued

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

The Committee agreed (a) that the Director, Health and Social Care Partnership provide a report to a future meeting on Blue Badges; and (b) to otherwise note the report.

14. Internal Audit and Corporate Fraud Action Plans: Quarter 1 Update (exempted items)

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 30 June 2022.

Noted.

The meeting ended at 11.20 a.m.