

Audit and Scrutiny Committee
8 March 2022

At a Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.00 a.m. involving participation by remote electronic means.

Present

Marie Burns, Alan Hill, Davina McTiernan, Donald Reid and John Sweeney.

In Attendance

A. Sutton, Executive Director (Communities and Education); P. Doak, Head of Service (Finance and Transformation) (Health and Social Care Partnership); C. McAuley, Head of Service (Economic Development and Regeneration), C. Hope, Senior Manager (Facilities Management) and L. Neill, Senior Manager (Employability and Skills) (Place); M. Boyd, Head of Service, L. Miller, Senior Manager (Audit, Fraud, Safety and Insurance) and S. Quinn, Senior Manager (Corporate Procurement) (Finance), I. Hardy, Corporate Policy and Performance Officer, C. Stewart and H. Clancy, Committee Services Officers (Democratic) (Chief Executive's Service).

Also In Attendance

Karlyn Watt (Deloitte).

Chair

Councillor Burns in the Chair.

Apologies

Margaret George and Tom Marshall.

1. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 10 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 19 January 2022 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Council Plan Mid-Year Progress Report 2021-22

Submitted report by the Head of Service (Democratic) on progress of the Council Plan priorities. The Council Plan 2019-24 Progress Update (Mid-Year 2021-22) was attached at Appendix 1 to the report.

Members asked questions and were provided with further information in relation to the roundabout advertising and floral bedding pilots.

The Head of Service (Economic Development and Regeneration) undertook to provide an update on the roundabout advertising and floral bedding pilots in response to a query raised by Councillor Reid.

The Committee agreed to note (i) the Council Plan Mid-Year Progress Report as set out at Appendix 1 to the report and (ii) note the status of the Council's performance indicators and actions at Appendices 2 and 3 to the report.

4. Best Value Assurance Audit Recommendations Update

Submitted report by the Head of Service (Democratic) Head of Service (Democratic) on progress against our Best Value Assurance Audit Recommendations. The Statement was set out in full at Appendix 1 to the report.

The Committee agreed (a) to note the update to our Best Value Assurance Audit recommendations; and (b) that recommendation actions could be deemed as complete with no further update necessary.

5. External Audit Plan 2021/22

Submitted report by the Head of Service (Finance) on the External Audit Plan for 2021/22. Deloitte LLP's planning report for the 2021/22 audit was attached at Appendix 1 to the report.

Karlyn Watt of Deloitte provided a verbal report on the appendices to the report, including highlighting key risks in relation to management override of controls and the recognition of Covid-19 related grant income and specific testing which would be carried out in relation to the planning of audit work.

The Committee thanked Karlyn Watt (Deloitte) for all the good work done.

Noted.

6. Internal Audit and Corporate Fraud Action Plans: Quarter 3 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 December 2021. Deloitte LLP's planning report for the 2021/22 audit was attached at Appendix 1 to the report.

Members asked questions and were provided with further information on the progress of Audit Action 'CFT3120b' concerning Procurement Cards, which was 75% complete. It was noted that an update on this action had been received by the Corporate Procurement Unit which advised that the Education Service was working to identify any gaps in approvers, in order that the appropriate training could be undertaken, with this action now anticipated to be completed by 31 March 2022.

The Committee agreed (a) to note the current position with the implementation of Internal Audit and Corporate Fraud actions; (b) to challenge those Services that had not implemented actions within the previously agreed timescales; and (c) to note that a Members' Briefing Note on the above Procurement Card action, which would provide a full update from the Education Service with regard to specific actions undertaken, would be issued to Members of the Committee prior to the end of the current Administration period, given the concerns raised.

7. Internal Audit Reports Issued

Submitted report by the Head of Service (Finance) on the findings of Internal Audit work completed between January and February 2022. Information on Internal audit work completed in this period, including Internal control reviews, were detailed at Appendix 1 to the report.

Members asked questions and were provided with further information on:

- *Facilities Management Overtime Controls:* Exceptions Testing and Sample Testing Overtime Payment as well as control measures in place to prevent the payment of duplicate overtime and ensure high overtime payments were legitimate and payments for working public holidays were in line with the Terms and Conditions of Employment;
- *Procurement Card Follow Up:* Audit Survey to 30 cardholders and response from 26 cardholders and follow-up action to ensure 100% return from respondents in future, further information on the Procurement Card (Pcard) Audit (*as referred to as an action decision in the previous agenda item 6*), the required numbers of Pcard users, training and reinforcing responsibilities of the card holder and approver as well as continuing to monitor the activity and that this item would remain in the Audit Plan in order to ensure an adequate level of assurance; and
- *Employability Services:* Measures and detailed procedures now in place to avoid double counting errors and to ensure consistent and accurate Performance Indicator (PIs) figures.

Noted.

8. Internal Audit Plan 2022-23

Submitted report by the Head of Service (Finance) on the proposed Internal Audit plan for 2022-23. The detailed audit plan for 2022-23 was set out at Appendix 1 to the report.

The Committee agreed (a) to approve the Internal Audit plan for 2022-23 as attached at Appendix 1 to the report; and (b) the indicators and targets at section 2.7 of the report, as outlined at Appendix 1 to the report.

9. Procurement Activity Report (2020-21)

Submitted report by the Head of Service (Finance) providing an update on Procurement activity for the period 2020/21. The top 20 suppliers by spend was set out at Appendix 1 to the report.

Members asked questions and were provided with further information on:

- from a scrutiny perspective, the impact of Community Wealth Building and Procurement; and
- the Quick Quote tender process and, in particular, the requirement for 5 companies to tender under that process, with the consequential difficulties given that number, on an Island community such as Arran.

Noted.

The meeting ended at 11.20 a.m.