

AUDIT AND SCRUTINY PANEL - 20 NOVEMBER 2023

20 November 2023 at 1 pm.

A Meeting of the AUDIT AND SCRUTINY PANEL

PRESENT

Councillor Watson, Convener; Councillors Brannan-McVey, Fisher, Hughes, Hume, D. Johnston, Leckie, B. McCulloch and Robinson.

CHAIR

Councillor Watson (Convener) presided.

IN ATTENDANCE

Chief Officer (Audit and Risk); Chief Officer (Legal and Democratic); Business Strategy Manager; Strategy and Performance Manager; Principal Auditor and Democratic Services Manager.

APOLOGIES

Councillor Dunbar, Vice-Convener; Councillor Duffy-Lawson, and P. Murray and J. Boyd, Audit Scotland.

DECLARATIONS OF INTEREST IN TERMS OF THE ETHICAL STANDARDS IN PUBLIC LIFE ETC. (SCOTLAND) ACT 2000

1. There were no declarations of interest.

SELF EVALUATION OF THE AUDIT AND SCRUTINY PANEL - OUTCOME REPORT AND IMPROVEMENT PLAN

2. There was submitted a report by the Chief Officer (Legal and Democratic) (1) reminding the Panel of its terms of reference as contained in the Council's Scheme of Administration; (2) explaining that the Council's governance arrangements are reviewed on an annual basis through the Strategic Governance Framework throughout the year as part of the Internal Audit programme of audit work; (3) reporting that an Internal Audit review in 2021 had considered that there was a risk that "the Council may not be able to adequately demonstrate that it has effective Audit Committee arrangements and/or arrangements to ensure Elected Members have the skills, knowledge and, where appropriate or required, access to relevant training and resources to effectively undertake their role"; (4) advising that, to this end, Internal Audit recommended that the Panel should, in line with good practice, periodically undertake a self-evaluation of how effectively it is discharging its role; (5) reminding the Panel that in September 2023 it had received an overview of the evaluation framework, the process, and the timetable and, at that meeting, the Panel had agreed that self-evaluation should also be undertaken by former members who had been on the Panel since May 2022; (6) reporting the outcomes and findings from the questionnaire, and (7) attaching, as Appendices to the report, (a) a synopsis of the self-evaluation of the Panel; (b) 25 good practice questions, and (c) the Improvement Plan.

Thereon, A. Aitken highlighted that a report would be submitted to the Policy and Strategy Committee in December 2023 proposing that the use of substitute members for the Audit and Scrutiny Panel be removed so as to ensure consistency of membership and greater understanding of the issues being considered by the Panel.

Decided:

- (1) that it be recognised that the outcome from the self-evaluation demonstrates the extent to which the Panel is effective in discharging its Audit and Scrutiny roles and, as such, fulfils the recommendations made by Internal Audit;
- (2) that the implementation of the Improvement Plan, attached at Appendix 3 to the report, which further strengthens the Panel's working practices and identifies any further developments required in this respect, be approved, and
- (3) that the next steps as detailed in the report be endorsed.

STRATEGIC FRAMEWORK'S ANNUAL POSITION STATEMENT

3. There was submitted a report by the Chief Officer (Business and Digital) (1) reiterating to the Panel the inter-related strategic frameworks that focus on ensuring a corporate "one Council" approach in respect of policy, governance, performance, self-evaluation, project management and demonstrating improved outcomes for communities; (2) explaining that these frameworks are key to assessing the success of The Plan for North Lanarkshire and ensuring its delivery through the Programme of Work as appropriately aligned, planned, guided, implemented and governed; (3) advising that, to ensure that these frameworks remain aligned to The Plan for North Lanarkshire, and to support delivery of the Programme of Work, each is on a schedule to undergo regular review and refresh; (4) reminding the Panel that, since 2020, an annual position statement has been presented to it to support its role in providing an independent review of the Council's governance, risk management, performance and control frameworks, and (5) reiterating that various reports in respect of these frameworks had been considered by the Panel during the previous year and that this composite annual position statement report aimed to provide a high level summary and up to date position by setting out the background, current position, and next steps for each framework.

Decided:

- (1) that the annual position statement for each framework, and the next steps to ensure each remains aligned to The Plan for North Lanarkshire, and that delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, governed and monitored, be acknowledged, and
- (2) that it be noted that a corresponding Review Programme supports each framework which ensures that all relevant matters are kept under review, updated as required, and reported to the relevant Committee for Elected Member oversight and scrutiny.

**STRATEGIC PERFORMANCE FRAMEWORK - PERFORMANCE REPORTING SCHEDULE
QUARTERLY PERFORMANCE ASSURANCE REVIEW**

4. There was submitted a report by the Chief Officer (Business and Digital) (1) reminding the Panel that it had received reports at its meetings held in February and May 2023 detailing the performance assurance reviews that had been undertaken of performance reports and which had been submitted to Council Committees during that previous Committee cycle; (2) explaining that, in bringing together a summary of the Council's performance reports into one composite assurance overview, this approach supports the Panel in maintaining strategic oversight and awareness of the Council's performance reporting arrangements in line with its remit; (3) providing the outcome from the latest performance assurance review that has been undertaken of performance reports submitted to Council Committees during cycle 3 of 2023, and (4) attaching, as Appendices to the report, (a) Chief Officers' individual six monthly performance reviews at Service Committees in line with the Strategic Performance Framework, and (b) Chief Officer Service specific performance reporting which takes place each year to meet business and/or statutory obligations.

Decided:

- (1) that the composite overview of performance reporting provided in the Appendices to the report to maintain an awareness of each report within the performance reporting schedule for 2023/2024 be noted, and
- (2) that there are no areas of significant issues arising from the overview as presented in the Appendices attached to the report which the Panel considered required additional scrutiny or an additional report to be submitted from the respective Chief Officer to a future meeting of the Panel.

AUDIT AND RISK RELATED ITEMS ACTION LOG

5. There was submitted a report by the Chief Officer (Audit and Risk) enabling the Panel to track implementation of requests and recommendations made by it in respect of Audit and Risk related items in the previous 18 months, with the action log, attached as an Appendix to the report, recording those requests and recommendations made by the Panel, when these had been addressed and/or were expected to be addressed.

Decided: that the content of the report be noted.

INTERNAL AUDIT PROGRESS REPORT

6. There was submitted a report by the Chief Officer (Audit and Risk) (1) providing an overview of Internal Audit activity; (2) reporting the results of the Internal Audit outputs finalised since the last update to the Panel in August 2023; (3) highlighting the most significant issues arising from the completed audit work; (4) updating the Panel on other aspects of the work of Internal Audit, and (5) attaching, as an Appendix to the report, a brief summary of the scope and key findings of each substantive planned audit, together with a summary pack containing copies of those reports.

During consideration of this matter, concerns were expressed by the Panel on the issues highlighted in the report regarding school excursions and trips and a request was made by the Panel that the Chief Officer (Education) attend a future meeting of the Panel to explain the issues relating to school trips and excursions identified by Internal Audit and the actions to be taken by the Service to resolve these issues. The Panel also requested, given the number of critical audit reports that had been received by the Panel, that the Chief Officer (Education) attend and outline actions being taken by the Service to address the audit findings in relation to weaknesses at establishments in the management of school funds.

In addition, in relation to climate change, the Panel recommended that the findings of the relevant Internal Audit report be highlighted to the Policy and Strategy Committee, as in the view of the Panel, there needed to be awareness across the organisation that current ambitions in relation to climate change were unlikely to be achieved in the timescales which had been previously agreed by the Council and there needed to be greater clarity as to how the Council would achieve any future targets agreed by the Council and/or statutory targets set by the Scottish and UK Governments.

Decided:

- (1) that the findings, conclusions and recommendations of the completed Internal Audit reports, together with the associated management responses, be noted;
- (2) that Internal Audit provide a report to future meetings of the Panel reporting progress made by management in implementing agreed management actions in relation to all audit recommendations categorised as "high" or "medium";

- (3) that the Chief Officer (Education) attend a future meeting of the Panel to report (1) on the issue of school trips and excursions, in particular in relation to the issues raised in the Internal Audit report, the actions to be taken to resolve and mitigate these issues and risks, and (2) on how the Service will seek to secure improvements in the management of school funds, financial controls to be put in place, all prior to April 2024 when it was anticipated that the new excursions policy would be implemented, and
- (4) that it be recommended to the Policy and Strategy Committee that it note the concerns of the Panel that there needs to be an awareness across the organisation that previously agreed targets in relation to climate change are unlikely to be achieved within the previously agreed timescales and that there needs to be greater clarity as to how the Council would achieve any future targets agreed by the Council and/or statutory targets set by the Scottish or UK Governments.

INTERNAL AUDIT: FOLLOW-UP OF ACTIONS PREVIOUSLY AGREED BY MANAGEMENT IN RESPONSE TO AUDIT RECOMMENDATIONS

7. There was submitted a report by the Chief Officer (Audit and Risk) (1) detailing the extent to which management had implemented actions previously committed to in response to recommendations in Internal Audit reports, where those actions were due to be completed by the end of September 2023; (2) advising that Internal Audit had concluded that, of the 29 outstanding Internal Audit recommendations, 10 had been completed and 19 had been partially implemented; (4) attaching, as an Appendix to the report, commentary from management and details of proposed management actions, together with revised target dates for completion of those outstanding audit recommendations where Internal Audit had assessed the residual risk as high or medium, and (5) attaching, as Appendices to the report (a) Internal Audit recommendations: management actions assessed as “not yet complete” in this cycle; (b) residual risk rating definition, and (c) outstanding audit recommendations at November Committee Cycle where the original implementation date is due.

During consideration of this matter, the Chief Officer (Audit and Risk) informed the Panel that the Chief Executive had recently written to all Chief Officers reminding them of the need to ensure that all of the deadline dates should be complied with by Services.

Decided:

- (1) that the contents of the report be noted;
- (2) that the recommendations made by Internal Audit, attached as an Appendix to the report, be noted;
- (3) that it be noted that, due to sickness absence within Audit and Risk, some audit assignments may not be completed to the reported timescales due to the reduced capacity within that team, and
- (4) that it be noted that the Chief Executive had recently written to all Chief Officers reminding them of the requirement to ensure that planned actions are progressed in a timely manner and regularly monitored to ensure that all deadline dates were complied with by Services.

RISK MANAGEMENT UPDATE

8. There was submitted a report by the Chief Officer (Audit and Risk) (1) providing an update on developments and changes in relation to the Corporate Risk Register, and other risk management developments since the last update to the Panel in September 2023, with a particular focus on changes to corporate risk scores and new or emerging issues; (2) reminding the Panel that the Corporate Risk Register is formally reviewed annually to ensure completeness and continued alignment to the

Council's strategic objectives; (3) noting that all corporate risks identified and agreed as meriting inclusion in the Corporate Risk Register were subject to regular monitoring and review by relevant senior management and periodic review and that consideration of individual risks for both the Corporate Management Team and the Panel, in line with their respective governance roles, takes place; (4) advising that there had been no additions to the Corporate Risk Register since the last update, although active consideration is being given to including the issues of re-enforced autoclaved aerated concrete (RAAC) in the Council's property estate; (5) reporting two changes to residual risk scores since the last updates of the Panel, and (6) attaching, as an Appendix to the report, the 2023-24 Corporate Risk Register.

Decided:

- (1) that the current scoring for risks on the Corporate Risk Register for 2023/24, as detailed in Appendix 1 to the report, be noted, and
- (2) that the information contained within the report in respect of risk management arrangements in relation to corporate risks and risks within Services be noted.