

AUDIT AND SCRUTINY PANEL - 24 FEBRUARY 2025

24 February 2025 at 2 pm.

A Meeting of the AUDIT AND SCRUTINY PANEL

PRESENT

Councillor Watson, Convener; Councillor B. McCulloch, Vice-Convener; Councillors Costello, Hughes, Hume, Leckie, M. McCulloch, McLaren and Robinson.

CHAIR

Councillor Watson (Convener) presided.

IN ATTENDANCE

Chief Officer (Audit and Risk); Chief Officer (Asset and Procurement); Chief Officer (Business & Digital); Chief Officer (Education – South); Chief Officer (Finance); Chief Officer (People & Organisational Development); Audit Manager; Corporate Risk Manager; Business Strategy Manager; Technology Strategy Manager; Strategy and Performance Manager; Business Finance Manager (Resources), and Democratic Co-Ordinator.

ALSO IN ATTENDANCE

John Boyd and Rachel Brough, Audit Scotland

APOLOGIES

Councillors Duffy-Lawson and D Johnston.

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

1. There were no declarations of interest.

The Chair exercised his discretion to vary the order of business, as hereinafter minuted.

SCHOOL IT ASSETS – AGE AND MAINTENANCE

2. With reference to paragraph 3 of the minute of the meeting of this Committee held on 9 May 2024, there was submitted a report by the Chief Officer (Business & Digital) (1) providing details of the volume, and age profile of the IT Assets used in schools; (2) advising that any Windows PC 6 years or older would not be supported by the latest version of Microsoft Windows (11) operating system and would not be viable after October 2025; (3) informing that the Service were exploring scope to establish a cross service working group to (a) investigate the appropriate levels of IT assets required for learning and teaching across all education sectors; (b) identify the product types that would support a modern and effective pedagogy in use of technology; (c) develop a strategic approach regarding IT asset distribution and refresh; (d) establish clear guidelines for the on-going support of educational IT assets, while considering the development of support towards Town and Community Hubs and future operating model aligned to the Programme of Work and (e) examine on-going reporting facilities to identify support requirements against estate demographics.

Decided: that a cross service working group be established to (a) investigate the appropriate levels of IT asset required for learning and teaching across all education sectors; (b) to identify the product types that would support a modern and effective pedagogy in use of technology; (c) to develop a strategic approach regarding IT asset distribution

and refresh; (d) to establish clear guidelines for the on-going support of educational IT assets, while considering the development of support towards Town and Community Hubs and future operating model aligned to the Programme of Work and (e) to examine on-going reporting facilities to identify support requirements against estate demographics.

AUDIT AND RISK RELATED ITEMS: ACTION LOG

3. There was submitted a report by the Chief Officer (Audit and Risk) (1) enabling the panel to track implementation of requests and recommendations made by it in respect of Audit and Risk related items within the action log and (2) attaching, as an appendix to the report, the action log, recording the requests and recommendations by the Panel, and when these had been addressed and/or were expected to be addressed.

Decided: that the contents of the report be acknowledged.

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

4. 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 contained within Internal Audit reports, where those actions were due to be completed in the period October to December 2024; (2) advising that Internal Audit had concluded that of the 25 high and medium priority recommendations that were due, 13 had been fully completed, 11 had been assessed as partially implemented and one was no longer relevant; (3) intimating that 7 recommendations had been identified as having an implementation date more than 12 months overdue; (4) explaining that 4 of the 14 agreed actions from the External Audit report had been completed, 2 had been partially implemented and 8 were not yet due and (5) attaching, as appendices to the report (a) commentary from the management detailing proposed management actions, revised target dates for completion of outstanding recommendations; (b) Internal Audit recommendations previously reported as outstanding, now complete; (c) Internal Audit recommendations of actions due, not complete; (d) Residual Risk Rating Definition and (e) Internal Audit recommendations where the original implementation date was more than 12 months overdue.

Decided: (1) that the contents of the report be noted and
(2) that the recommendations made by Internal Audit in Appendix 2 be noted.

INTERNAL AUDIT PROGRESS REPORT

5. 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 October 2024; (3) highlighting the most significant issues arising from the completed audit work; (4) setting out details of the recent unplanned review of a school fund, together with a summary of an audit investigations concluded within the period; (5) updating the Panel on other aspects of the work undertaken by Internal Audit and (6) attaching, as appendices to the report, (a) Audit Grading Definitions; (b) Changes to Audit Plan 2024-25 and (c) Internal Audit Client Feedback Results.

Decided: (1) that the findings, conclusions and recommendations of completed Internal Audit reports, together with associated management responses, be noted;
(2) that the Chief Officer (Audit and Risk) submit reports to future meetings of the Panel on progress being made in implementing agreed management actions in relation to all Audit recommendations categorised as high or medium, and
(3) that the report be otherwise noted.

RISK MANAGEMENT UPDATE

6. 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 key risk management developments since the last update to the Panel in October 2024 with a particular focus on changes to corporate risk scores, new or emerging risk issues; (2) providing a snapshot of the highest current residual risks within Service risk registers together with a summary of the key considerations of the Risk Management Corporate Working Group within the reporting period, and (3) attaching as appendices to the report (a) the Corporate Risk Register 2024/25 and (b) the Highest Scoring Service Risk Register Entries.

During discussion on this matter, questions were asked to which Officers committed to respond outwith the meeting as undernoted:-

Do the figures on RAAC include properties owned by ALEO's of the Council? (Councillor Robinson)

Can Members be provided with a copy of the RAAC risk assessment and any plans in place to deal with the risks? (Councillor Hume)

- Decided:** (1) that the information provided on developments on the Corporate Risk Register for 2024/25, as attached in appendix 1 to the report be acknowledged;
- (2) that the residual risk profile across Service Risk Registers, as attached in appendix 2 be noted, and
- (3) that the summary of key discussion points of the Risk Management Corporate Working Group be noted.

SERVICE UPDATE – SCHOOL FUND COMPLIANCE ARRANGEMENTS

7. With reference to the paragraph 9 of the minute of the meeting of this Committee held on 31 October 2024, there was submitted a report by the Chief Officer (Education – South) (1) providing an update on compliance with Establishment Fund arrangements; (2) highlighting the key findings from the audit report, (3) outlining steps taken by the Service to date and future planned actions designed to improve the effectiveness of the relevant management arrangements, and (4) attaching as an appendix to the report, a summary of the most recent Internal Audit assignment.

Decided: that the actions taken to date, and further planned actions in response to previous Establishment Fund audits be noted.

STRATEGIC PERFORMANCE FRAMEWORK – PERFORMANCE REPORTING SCHEDULE QUARTERLY PERFORMANCE ASSURANCE REVIEW

8. There was submitted a report by the Chief Officer (Business and Digital) (1) setting out a summary of the Council's performance reports in one composite assurance overview to support the Audit and Scrutiny Panel in maintaining strategic oversight and awareness of the Council's performance reporting arrangements in line with the Panel's remit to provide "independent review of the Council's governance, risk management, performance, and control frameworks"; (2) advising that the framework supports the Audit and Scrutiny Panel's governance and accountability role in terms of ensuring the Council can demonstrate Best Value through the existence of robust arrangements for performance reporting and scrutiny, and (3) providing details of the outcome from the latest quarterly performance assurance review which was undertaken based on performance reports submitted to Council committees during cycle 4 of 2024.

Decided: that the composite overview of performance reporting period set out in Appendices 1 and 2 of the report, to maintain an awareness of each report within the Performance Reporting Schedule for 2024 to 2025, be acknowledged.

SCRUTINY WORK PROGRAMME – UPDATE

9. There was submitted a report by the Chief Officer (Audit and Risk) (1) providing an update on the composite Scrutiny Work Programme and reporting timetable for the scrutiny function of the Audit and Scrutiny Panel, as set out in Appendix 3 to the report, and (2) seeking endorsement to continue the role of Audit and Scrutiny Panel Members in identifying potential issues for inclusion in the Scrutiny Work Programme in line with the Assessment and Prioritisation Process, set out in Appendix 2 to report and the overall approach as set out in Appendix 1 to the report.

Decided: (1) that the update to the composite Scrutiny Work Programme and reporting timetable for the scrutiny function of the Audit and Scrutiny Panel, as set out in Appendix 3, be acknowledged;

(2) that the role of Panel Members in identifying potential issues for inclusion in the Scrutiny Work Programme in line with the Assessment and Prioritisation Process, as set out in Appendix 2, and the overall approach, as set out in Appendix 1 be acknowledged;

(3) that Panel Members continue to undertake their scrutiny role in reviewing and challenging performance to ensure the Council fulfils its statutory Best Value duty, and

(4) that the approach and next steps, as set out in the report, in relation to the follow up self-evaluation of the Audit and Scrutiny Panel be endorsed.

QUALITY ASSURANCE FOR THE PROJECT MANAGEMENT FRAMEWORK AND PROGRAMME OF WORK – ANNUAL AUDIT AND SCRUTINY PANEL REVIEW

10. There was submitted a report by the Chief Officer (Audit and Risk) (1) providing an update on the implementation of the Quality Assurance arrangements which have resulted in the information set out in the report for Elected Member oversight in terms of the quality assurance process and the review programme, and (2) setting out the next steps, in paragraphs 2.11 and 2.12 of the report, which will ensure ongoing oversight and quality assurance in terms of demonstrating progress in delivering the Programme of Work and achieving the vision set out in The Plan for North Lanarkshire.

Decided: (1) that the implementation of Quality Assurance arrangements which have resulted in the information, as set out in the report for Elected Member oversight, in terms of the quality assurance process and review programme be acknowledged, and

(2) that the role of the Panel, as set out in the next steps in paragraphs 2.11 and 2.12 of the report, to ensure ongoing oversight and quality assurance in terms of demonstrating progress in delivering the Programme of Work and achieving the vision set out in The Plan for North Lanarkshire be acknowledged.

AUDITING BEST VALUE IN LOCAL GOVERNMENT – UPDATE

11. There was submitted a report by the Chief Officer (Business & Digital) (1) reminding the Panel of the Best Value duty, which requires the Council to ensure arrangements are in place to secure continuous improvement in performance for all the functions and activities in delivering services and improving outcomes; (2) providing an update on the national approach to auditing Best Value which will be implemented during 2025/26 and which came into effect as part of the external auditor five year

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appointments from 2022/23, and (3) summarising the Members' key role to ensuring the Council continues to demonstrate Best Value in practice.

- Decided:**
- (1) that the update to the national approach to auditing Best Value, the priority for the year three thematic Best Value audit work, and the implications for the Council be acknowledged, and
 - (2) that the Panel's role, in terms of ensuring the Council continues to secure Best Value in practice, in line with the statutory duty, be endorsed.

The Convener being of the view that the following item of business was relevant, competent and urgent, authorised its consideration to enable the Council to progress the matter timeously.

NORTH LANARKSHIRE COUNCIL – ANNUAL AUDIT PLAN 2024/25

12. There was submitted a report by the Chief Officer (Audit and Risk) (1) providing the Panel with a copy of the Annual Audit Plan 2024/25, which had been received from Audit Scotland, the Council's appointed external auditors; (2) advising that the Plan provides an overview of key issues arising from the audit planning process including (a) a summary of the proposed audit approach; (b) the scope for undertaking audit work, and (c) the timetable for key audit outputs, and (3) noting that good professional practice requires the external auditor to communicate and discuss planned external audit activity with the senior management and those Elected Members charged with Governance matters.

Thereon, J Boyd, Audit Scotland, spoke to the Audit Scotland Annual Audit Plan and responded to a number of questions from Members of the Panel.

- Decided:** that the Annual Audit Plan 2024/25, by Audit Scotland, together with the oral presentation provided by Audit Scotland, regarding its planned audit approach to the 2024/25 Audit of the Council, be acknowledged.