

**Thursday, 29 August 2024 at 14:00 PM.**

A Meeting of the **AUDIT AND SCRUTINY PANEL**

**PRESENT**

Councillor Watson, (Convener), Councillor B McCulloch, (Vice Convener), Councillors Brannan-McVey, Dunbar, Fisher, Hughes, Hume, Johnston, Leckie, McLaren, Robinson

**CHAIR**

Councillor Watson (Convener) presided.

**IN ATTENDANCE**

Acting Chief Officer (Audit & Risk), Business Strategy Manager, Corporate Risk Manager, Strategic & Performance Manager, Principal Auditor; Democratic Services Manager; J Boyd and P Murrary, Audit Scotland.

**1 Declarations of Interest In Terms of the Ethical Standards In Public Life Etc. (Scotland) Act 2000**

The meeting noted that there were no declarations of interest.

**2 Strategic Performance Framework - Performance Reporting Schedule Quarterly Performance Assurance Review**

There was submitted a report by the Chief Officer (Business and Digital) (1) providing the Panel with the outcome of the latest quarterly performance assurance review which was undertaken on performance reports submitted to Council Committees during Cycle 2 of 2024; (2) attaching, as Appendices to the report, (a) Chief Officer individual performance reviews submitted to Service Committees in line with the Strategic Performance Framework, and (b) Chief Officer Service specific reporting which takes place each year to meet business and/or statutory obligations.

During discussion on this matter, a number of questions were asked in respect of which Officers committed to respond outwith the meeting.

"In relation to Housing Services - a tenant is not satisfied with overall service, can you provide further information on the areas where tenants are dissatisfied as this doesn't align with the indicators which are given?" (Councillor Robinson)

"In respect of the net cost of refuse collection per premise, can further clarification be provided?" (Councillor Hume)

"In relation to the pressure on the Council Housing Stock, would it be possible to have "Void re Lets" – Average Number of days to re-let properties be taken as a scrutiny item?" (Councillor Robinson)

**Decided:**

(1) that the composite overview of performance reporting provided in Appendices 1 and 2, to maintain an awareness of each report within the Performance Reporting Schedule for 2024 to 2025, be reviewed, and

(2) that were there are any significant issues arising from the composite performance overview presented in the attached Appendices, that the Panel considers requires additional scrutiny and a further report be submitted from the respective Chief Officer to a future meeting of the Panel (following review through the Scrutiny Assessment and Prioritisation Process).

**3 Best Value Thematic Audit: Workforce Innovation**

There was submitted a report by the Chief Officer (Business and Digital) (1) providing the outcome of the Best Value thematic audit on workforce innovation, specially on how the Council was responding to current workforce challenges through building capacity, increasing productivity, and innovation; and (2) setting out the three audit recommendations for improvement, which include management responses in respect of the planned actions.

During discussion on this matter, two questions were asked in respect of which Officers committed to respond outwith the meeting.

"In respect of point 19 "Trade Union Engagement", can further information be provided in relation to the gaps in consultation by specific Council services?" (Councillor Robinson)

"In respect of the turnover of staff, can a comparison with other Local Authorities be provided?" (Councillor Robinson)

**Decided:** that the report be remitted to the Policy and Strategy Committee to enable Elected Member oversight.

**4 Audit and Risk-Related Items Action Log**

There was submitted a report by the Acting 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, with the action log, attached as an Appendix to the report, recording those requests and recommendations made by the Panel, and when these had been addressed and/or were expected to be addressed.

**Decided:** that the content of the report be noted.

**5 Internal Audit Progress Report**

There was submitted a report by the Acting Chief Officer (Audit and Risk) 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 May 2024; (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.

**Decided:**

(1) that the findings, conclusions and recommendations of completed Internal Audit reports, together with the associated management responses, be noted;

(2) that the Chief Officer (People Resources) be invited to the next meeting of the Panel to discuss the suitability of the I-Trent system and the actions put in place to deal with duplicate overtime payments and the recovery of overpayments;

(3) that the Acting Chief Officer (Audit and Scrutiny) 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

(4) that the contents of the report be otherwise noted.

**6 Internal Audit Follow up of Actions previously agreed by Management in Response to Audit Recommendation**

There was submitted a report by the Acting 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 by the end of June 2024; (2) advising that Internal Audit had concluded that 18 of the 37 actions agreed in response to relevant Internal Audit recommendations during the period had been fully completed, with 17 having been assessed as partially implemented; (3) explaining that of the 11 actions due in respect of external outputs, 7 had been completed, 2 were partially implemented, 1 was not yet due and 1 was considered no longer relevant; (4) attaching, as an Appendix to the report, a commentary from management with details of proposed management actions, together with the 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 completed in this cycle; (b) residual risk rating definition, and (c) outstanding Internal Audit recommendations at the June cycle where the revised implementation was not yet due.

**Decided:**

(1) that the contents of the report be noted; and

(2) that the recommendations made by Internal Audit in Appendix 1 to the report be noted; and

(3) that the updates provided by management in Appendix 2 to the report be noted.

**7 Internal Audit Charter**

There was submitted a report by the Acting Chief Officer (Audit and Risk) (1) explaining that the Internal Audit Charter was an important document which sets out the purpose, authority and principal responsibilities of the Council's Internal Audit Section; (2) seeking approval of the Internal Audit Charter, attached in Appendix 1 to the report, which had recently been reviewed and revised in line with best practice to ensure that it remained up to date and reflected the Council's current arrangements and expectations and that it was consistent with the requirements of the Public Sector Internal Audit Standards (PSIAS) and the associated Local Government Application Note (LGAN); (3) advising that there were no material changes to the proposed Charter for the purpose, authority and principal responsibilities of the Council's Internal Audit Section from that approved by the Panel in 2021, and (4) highlighting that an opportunity had been taken to update the Council's standard template and job titles to reflect the current structure, as narrated within the report.

**Decided:**

(1) that the Internal Audit Charter, attached in Appendix 1 to the report, be approved.

**8 Risk Management Update including Corporate Risk Register 2024-2025**

There was submitted a report by the Acting Chief Officer (Audit and Risk) providing an update on key risk management developments, with a particular focus on the results of the recent annual review of the Corporate Risk Register, and, providing a snapshot of the highest current residual risks within Service Risk Registers; (2) explaining that the Corporate Risk Register is formally reviewed annually to ensure completeness and continuing alignment to the Council's strategic objectives; (3) updating the Panel on the results of that annual review process and presenting the Corporate Risk Register for 2024-25, which has already been approved by the Council's Corporate Management Team; (4) indicating that the Risk Team had engaged with services to consider whether any risks within Service-level risk registers merited escalations to the Corporate Risk Register; (5) indicating that all corporate risks identified and agreed as meriting inclusion in the Corporate Risk Register are subject to regular monitoring and review by relevant Senior Management and periodic review and consideration of individual risks by both the Corporate Management Team and the Panel in line with their respective Governance roles; (6) explaining some of the changes to individual risk scores arising out of the recent review; (7) noting that, due to the application of the new risk ratings and thresholds as approved in the revised Corporate Risk Management Strategy, approved by the Policy and Strategy Committee in March 2023, the Corporate Risk Register profile looks somewhat different than previous versions in terms of the scoring and RAG ratings, and (8) attaching, as Appendices to the report, (a) the 2024-25 Corporate Risk Register; (b) current strategic risks and issues facing the Council as at May 2023, and (c) service risks with the highest residual risk scores.

During discussion on this matter, a question was asked in respect of which Officers committed to respond outwith the meeting.

"Can an update on the Procurement Risk be provided?" (Councillor Hume and Councillor Robinson)

**Decided:**

(1) that the agreed Corporate Risk Register for 2024/25 in Appendix 1, which incorporated the changes outlined in Section 2 of the report, be noted;

(2) that the information contained within the report in respect of risk management arrangements within Services (including the summary of those risks with the highest residual risk scores) be noted; and

(3) that an update on Procurement Risk be incorporated in to the next update report to the Panel on 7 November 2024.

## **AUDIT AND SCRUTINY PANEL - 31 OCTOBER 2024**

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**31 October 2024 at 2pm.**

A Meeting of the **AUDIT AND SCRUTINY PANEL**

### **PRESENT**

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

### **CHAIR**

Councillor Watson (Convener) presided.

### **IN ATTENDANCE**

The Chief Officer (Business and Digital); Chief Officer (Finance); Acting Chief Officer (Audit and Risk); Employment and Policy Manager; Employee Service Centre Manager; Finance Manager; Business Strategy Manager; Strategy and Performance Manager, and Corporate Risk Manager.

### **ALSO IN ATTENDANCE**

John Boyd and Pauline Murray, Audit Scotland.

### **APOLOGY**

Councillor Duffy-Lawson

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

1. There were no declarations of interest.

### **ANNUAL ACCOUNTS 2023-24 – LETTERS OF REPRESENTATION**

2. There was submitted a report by the Chief Officer (Finance) (1) providing information on the Letter of Representation required to be submitted to Audit Scotland in respect of the Council's Annual Accounts and the Council's Charitable Trust Accounts for 2023-24 (2) informing that Local Authorities are required to appoint an officer who has responsibility for the administration of their financial affairs, the Section 95 Officer, and that International Standards on Auditing requires External Audit to request a written representation from the Accountable Officer providing written assurance on all aspects of the Council's Financial Statements and Charitable Trusts and Education Trust Accounts, including the judgements and estimates made in their preparation; (3) explaining that the letters of representation had been signed by the Section 95 Officer and a copy of these in respect of the Council and the Trustee for the Charitable Trust and Educational Trust were attached as Appendices to the report; (4) describing that, as in previous years, the letters set out the representations of management and confirms that the accounts are free from material mis-statement; (5) intimating that, during the course of the audit, the External Auditors highlighted a number of mis-statements within the Council's Financial Statements which had been adjusted for the audited accounts where these are considered to be material, and (6) indicating that the list of items which have arisen relating to the Council's accounts and the Charitable Trust and Educational Trust accounts are contained within the External Audit Annual Audit Report.

During discussion on this matter, a question was asked to which Officers committed to responding outwith the meeting.

“Can the aims of the charitable trust be reviewed?” (Councillor Robinson)

**Decided:** that the Letters of Representation provided to Audit Scotland be noted.

**ANNUAL ACCOUNTS 2023/24 – EXTERNAL AUDITORS REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2023/24 AUDIT**

3. There was submitted a report by the Chief Officer (Finance) (1) reminding the Panel that the Accounts Commission appointed external auditors to Local Authorities in order to carry out the audit of financial statements in accordance with International Standards on Auditing; (2) intimating that the objectives of the Auditors was to communicate with those charged with governance the responsibilities of the Auditor in relation to the Financial Statement Audit and the scope and timing of the audit, to obtain from those charged with governance information related to the audit, to provide those charged with governance with timely observations arising from the audit, and to promote effective two way communication between the auditor and those charged with governance; (3) informing the Panel that the review of the 2023/24 accounts by Audit Scotland was now complete and the final version of the accounts would be considered at this meeting; (4) reporting that, following the completion of their audit, Audit Scotland produced reports to those charged with governance on the 2023/24 Audit, for both the Council and North Lanarkshire Council Charitable Trust in Educational Endowments, which will be considered at this meeting; (5) indicating that a full annual report has been prepared by Audit Scotland and would be considered at this meeting, and (6) attaching, as Appendices to the report (a) Audit Scotland Report to those charged with governance on the 2023/24 Audit – North Lanarkshire Council, and (b) Audit Scotland Report to those charged with governance on the 2023/24 Audit – North Lanarkshire Council Charitable Trust in Educational Endowments.

Thereon, J. Boyd, Audit Scotland, spoke in respect of the report by Audit Scotland and took the opportunity to thank Council Officers for the hard work and their support in terms of the audit process.

During discussion on this matter, a question was asked to which Officers committed to responding outwith the meeting.

“Can the latest figures on the buildings impacted by RAAC be provided and the impact that this has on the Council?” (Councillor Hume)

**Decided:**

- (1) that the report by Audit Scotland, and the overall information provided by J Boyd, Audit Scotland, be noted, and
- (2) that the submission of a bi-annual tracking report to the Panel, on progress of the recommendations outlined within Appendix 1 to the report, be approved.

**AUDIT SCOTLAND 2023/24 ANNUAL AUDIT REPORT**

4. There was submitted a report by the Acting Chief Officer (Audit and Risk) (1) presenting the Annual Audit Report produced by the Council's appointed External Auditors, Audit Scotland, in respect of the audit of the Council for year ending 31 March 2024, and (2) attaching, as Appendix 1 to the report, the External Auditor's Annual Audit Report which summarises the audit work completed and presents the main findings arising from the audit and contains audit recommendations and responses, including planned actions, which had been agreed by management.

**Decided:**

- (1) that the External Auditor's Annual Audit Report be noted, and

- (2) that monitoring of the implementation by management of actions agreed in response to External Audit's recommendations be undertaken through reports to the Panel from Internal Audit.

**ANNUAL ACCOUNTS 2023/24 (AUDITED)**

5. There was submitted a report by the Chief Officer (Finance) (1) presenting the Council's final 2023/24 Annual Accounts, which provides Elected Members with the background on their need to consider matters raised by Audit Scotland in respect of its examination of the accounts; (2) indicating that the Local Authority Accounts (Scotland) Regulations 2014 require the Council to prepare an Annual Statement of Accounts in accordance with proper accounting practices and that these regulations also require that, as a Committee of the Local Authority whose remit includes audit or governance functions, the Panel should meet to consider the audited annual accounts with the aim to approve these for sign off and publication by 31 October; (3) reminding the Panel that the Accounts Commission has appointed external auditors to Local Authorities in order to carry out the audit of financial statements in accordance with International Standards Auditing; (4) reporting that the review of the 2023/24 accounts by Audit Scotland was now complete, with the final version of accounts attached as an Appendix to the report; (5) advising that a full annual report has been prepared by Audit Scotland and would be considered at this meeting.

Thereon, E. Kemp took the opportunity to thank her team for the hard work undertaken in respect of production of the annual accounts. The Convener also thanked officers for their hard work in compiling the annual accounts.

**Decided:**

- (1) that the contents of the report be noted, and
- (2) that the final accounts for signing and publication be approved.

**OVERTIME DUPLICATE CLAIMS – PROGRESS UPDATE**

6. There was submitted a report by the Chief Officer (People Resources) (1) providing an update on the Duplicate Overtime Claims processed on the Itrent system; (2) setting out the significant work undertaken and implementation of corrective actions by the Service to prevent duplicate claims from occurring; (3) advising that the approach, whilst resource intensive, had been effective in preventing any further duplicate claims; (4) informing of the steps taken to recover historical overpayments and associated challenges; (5) summarising the options currently being assessed in the development of a long term system led solution and the costs associated, and (6) proposing additional measures to be undertaken in strengthening manager awareness and compliance with the core processes.

**Decided:**

- (1) that the significant work undertaken within People Resources to implement an effective interim control solution, which prevented the payment of duplicate claims, be noted;
- (2) that the costs, progress and further work required, to establish a longer-term system solution to prevent duplicate claims occurring at source, be noted;
- (3) that the approach agreed for recovery of historical overpayments and the associated challenges be noted;
- (4) that the strengthened approach to holding managers accountable for repeated breaches of the Time and Expenses approvals process be approved.

**AUDIT AND RISK RELATED ITEMS: ACTION LOG**

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7. There was submitted a report by the Acting 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 noted.

#### **INTERNAL AUDIT STRATEGY**

8. There was submitted a report by the Acting Chief Officer (Audit and Risk) (1) setting out the strategic objectives and delivery of the Council's Internal Audit section; (2) advising that the Internal Audit Strategy had been reviewed and revised, giving consideration to how the Internal Audit team best meet their audit objectives, and (3) seeking approval of the updated Internal Audit Strategy for 2024/25 to 2026/27, attached at Appendix 1 of the report.

**Decided:** that the Internal Audit Strategy 2024/25 to 2026/27, attached in Appendix 1 to the report, be approved.

#### **INTERNAL AUDIT PROGRESS REPORT**

9. There was submitted a report by the Acting 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 2024; (3) highlighting the most significant issues arising from the completed audit work; (4) updating the Panel on other aspects of the work undertaken by Internal Audit, and (5) attaching, as Appendices to the report, (a) A Summary of Internal Audit Assignments Completed within the Period; (b) Audit Gradings and (c) Internal Audit Performance Framework.

Arising from discussion, it was agreed that the Chief Officer (Education) submit a report to the next meeting of the Panel, providing an update on the School Fund Compliance Arrangements.

**Decided:**

- (1) that the findings, conclusions and recommendations of completed Internal Audit reports, together with the associated management responses, be noted;
- (2) that the Chief Officer (Education) be invited to the next meeting of the Panel to discuss the School Fund Compliance Arrangements;
- (3) that the Acting 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
- (4) that the contents of the report be otherwise noted.

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

10. There was submitted a report by the Acting 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 July to the end of September 2024; (2) advising that Internal Audit had concluded that 6 of the 14 actions agreed in response to relevant Internal Audit recommendations during the period had been fully completed, with 8 having been assessed as partially implemented; (3) explaining that of the 11 actions due in respect of external outputs, 8 had been completed, 2 had been partially implemented, and 1 was considered no longer relevant; (4) attaching, as an Appendix to the report, a commentary from



management which details proposed management actions, together with the 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 reported as outstanding in previous cycles now assessed as 'complete'; (b) Internal Audit recommendations: Management actions assessed as 'not yet complete' in this cycle, and (c) Residual Risk Rating Definition.

**Decided:**

- (1) that the contents of the report be noted;
- (2) that the recommendations made by Internal Audit in Appendix 2 to the report be noted and
- (3) that for those actions, still outstanding after one year, the requirement that the respective Chief Officer attends the Panel to provide an update be noted.

**NATIONAL FRAUD INITIATIVE (NFI)**

11. There was submitted a report by the Acting Chief Officer (Audit and Risk) (1) informing of the requirement for the Council to participate in the forthcoming National Fraud Initiative 2024 (NFI 2024); (2) advising that the NFI is a data matching exercise, organised by Audit Scotland, undertaken every two years and widely recognised as an important tool in detecting and preventing fraud, and involves comparing different data sets using defined criteria, allowing for the identification of inconsistencies and anomalies, indicative of possible fraud and/or error, and (3) attaching as Appendices to the report the (a) Audit Scotland's Self-Appraisal Checklist and (b) NFI 2024 – Data Sets for Local Authorities.

**Decided:**

- (1) that the positive outcome of the self-assessment of the Council's arrangements in respect of NFI, as outlined in Appendix 1, be noted, and
- (2) that the Council's ongoing participation in the NFI exercise, as outlined within the report be endorsed.

**RISK MANAGEMENT UPDATE**

12. There was submitted a report by the Acting Chief Officer (Audit and Risk) (1) providing an update on key risk management developments, with a particular focus on corporate risks for the review completed during the reporting period; (2) explaining that the Corporate Risk Register is formally reviewed annually to ensure completeness and continuing alignment to the Council's strategic objectives; (3) advising that the Corporate Risks included on the CRR are subject to regular monitoring and review by senior management, and periodic review by the Council's Corporate Management Team and the Panel in line with their respective governance roles; (4) indicating that the Risk Team had engaged with services to consider whether any risks within Service-level risk registers merited escalation to the Corporate Risk Register; (5) explaining that some of the changes were due to the residual risk scores for some Corporate Risks as set out within the report, and (6) attaching, as Appendices to the report, (a) the 2024-25 Corporate Risk Register; (b) current strategic risks and issues facing the Council as at May 2023, and (c) service risks with the highest residual risk scores.

**Decided:** that the information contained within the report in respect of the Corporate Risk Register for 2024/25, as detailed in Appendix 1 and Section 2 of the report be noted.

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

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13. There was submitted a report by the Chief Officer (Business & Digital) (1) providing the Panel with the outcome of the latest quarterly performance assurance review which was undertaken on performance reports submitted to Council Committees during Cycle 3 of 2024; (2) attaching, as Appendices to the report, (a) Chief Officer individual performance reviews submitted to Service Committees in line with the Strategic Performance Framework, and (b) Chief Officer Service specific reporting which takes place each year to meet business and/or statutory obligations.

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

#### **STRATEGIC FRAMEWORKS ANNUAL POSITION STATEMENT**

14. There was submitted a report by the Chief Officer (Business and Digital) (1) reminding the Panel that the inter-related strategic frameworks focussed 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 subject to regular review and refresh; (4) reminding the Panel that, since 2020, an annual position statement has provided 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 delivery towards achieving the overall vision is appropriately aligned, planned, guided, implemented, governed and monitored, be acknowledged;
- (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, and
- (3) that it be noted that, as all Frameworks are now well established and embedded into everyday activities with all relevant interconnections made therein, future update reports in respect of each will be carried out in a way that allows a more specific focus on the changes and enhancements to each Framework that further support the Council in demonstrating progress in delivering the Programme of Work and achieving the vision set out in The Plan for North Lanarkshire.