

AUDIT AND SCRUTINY PANEL - 4 SEPTEMBER 2023

4 September 2023 at 1 pm.

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

PRESENT

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

In accordance with Standing Order 64(A) Councillor Roarty attended as a substitute for Councillor Duffy-Lawson.

CHAIR

Councillor Watson (Convener) presided.

IN ATTENDANCE

Chief Officer (Audit and Risk); Chief Officer (Business and Digital); Chief Officer (Place); Chief Officer (Housing Management); Chief Officer (Legal and Democratic); Chief Officer (People Resources); Strategy and Performance Manager; Business Strategy Manager; Business Partnership Manager; Corporate Risk Manager; Business Finance Manager (Resource Solutions); Principal Auditor and Democratic Services Manager.

APOLOGIES

Councillors Duffy-Lawson and Robinson.

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

1. There were no declarations of interest.

The Convener used his discretion to vary the order of business as hereinafter minuted.

SELF-EVALUATION OF THE AUDIT AND SCRUTINY PANEL

2. There was submitted a report by the Chief Officer (Legal and Democratic) (1) reminding the Panel of its role in relation to assurance, governance, risk management and performance; (2) explaining that the Panel is a key component of the Council's Corporate Governance Arrangements which are subject to various review and assessment processes; (3) advising that, in 2021, an Internal Audit review of Principles E, F and G from the Delivering Good Governance in Local Government: Framework (2016) 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) outlining that, in regards to this aspect, Internal Audit had recommended that the Panel should, in line with good practice, periodically undertake a self-assessment of (a) their performance activities against the CIPFA "Audit Committees: Practical Guideline for Local Authorities (2018)" and (b) the effectiveness of the performance and activities of the Panel in discharging the scrutiny aspects of its role; (5) explaining how the Evaluation Framework, together with the evaluation process and timetable, has been developed; (6) providing the Panel with an advanced overview of the Evaluation Framework, process and timetable for the self-evaluation of the Panel, and (7) attaching, as Appendices to the report (a) CIPFAs position statement: Audit

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Committees in Local Authorities (2018); (b) Audit and Scrutiny Panel Terms of Reference (as per the Scheme of Administration, October 2022), and (c) self-evaluation of the Audit and Scrutiny Panel – Evaluation Framework.

During consideration of this matter the Panel considered whether it would be good practice for former members of the Panel to undertake the self-evaluation and also acknowledged that new members on to the Panel may have limited experience so as to be able to fully complete the self-evaluation.

Decided:

- (1) that the requirement to undergo a self-evaluation of the Panel, in line with Internal Audit recommendations, be acknowledged;
- (2) that the approach to the self-evaluation exercise, as set out in the report, be endorsed, and
- (3) that Elected Members who had recently stepped down from the Panel be also invited to complete the self-evaluation exercise.

COMPENSATION FOR COMPULSORY PURCHASE ORDER

3. There was submitted a report by the Chief Officer (Place) (1) advising that in November 2021 the former Housing and Regeneration Committee had approved a strategy for the Council to progress the Compulsory Purchase Order (CPO) for acquisition of 168 flats, with subsequent demolition and provision of new land at Millcroft Road, Cumbernauld; (2) indicating that, at that same meeting, the Committee had also agreed to the voluntary acquisition of properties in advance of the CPO for those owner/occupiers at Millcroft Road; (3) referring to a decision made by the Housing Committee at its meeting on 31 August 2022 to write-off debts to the Council amounting to £145,296.86 to support the case for confirmation of a CPO at Millcroft Road, Cumbernauld; (4) providing responses to a number of questions which had been asked by the Panel in relation to the compensation payments and the CPO process, and (5) attaching, in support of the report, links to a number of documents considered by Council committees and guidance from the Scottish Government.

Decided: that the contents of the report, including the approvals that have been obtained from previous committee reports, be noted.

HOUSING REFURBISHMENTS

4. There was submitted a report by the Chief Officer (Housing Management) (1) providing an update to the Panel regarding the policy for adaptations to include wet floor showers, and to address the concern raised by the Panel at its meeting in February 2023 in relation to the installation of wet floor shower rooms for new tenants following fitting of a Capital Programme bathroom at void stage; (2) reminding the Panel of the process undertaken leading up to, and during, the installation of adaptations; (3) providing detail in relation to the number of adaptations which have been installed compared to the number which were required following a new tenant moving in, and (4) providing to the Panel details of the measures undertaken across the Housing service, working in partnership with Health and Social Care, to ensure a proactive approach to identifying a plan for current and future needs, through early intervention and prevention, effective information sharing and partnership working arrangements.

Decided: that the contents of the report be noted.

DEBT RECOVERY REVIEW

5. There was submitted a report by the Chief Officer (Finance) (1) explaining that, in 2022, an Internal Audit review had been undertaken on Sundry Debt and Debt Management and that the purpose of this had been to provide assurance that the Council had adequate, robust and effective management arrangements in place for ensuring that the management of debtors is appropriately and effectively controlled; (2) reporting that, despite collection rates of over 97%, the audit had identified significant deficiencies in several aspects of the control environment under review and, as such, the audit opinion was defined as limited assurance; (3) indicating that the audit review had made a recommendation that there was an urgent need to strengthen the robustness and effectiveness of many aspects of the Debt Recovery Control Framework through a formal review of all aspects of the framework; (4) informing the Panel that the review of the framework was nearing completion with a number of actions implemented to date and that the remainder would be finalised by the end of September 2023; (5) detailing the actions undertaken to date to address the audit recommendations, and (6) listing the actions planned for completion by the end of September 2023.

Decided:

- (1) that the actions implemented so far be acknowledged;
- (2) that the introduction of quarterly reporting of debt recovery through senior management teams be endorsed, and
- (3) that the actions required to complete the review be acknowledged.

EQUALITY AUDIT

6. There was submitted a report by the Chief Officer (People Resources) (1) providing an update on progress made in relation to the audit carried out on the Council's approach to managing its statutory equalities duties; (2) explaining that the purpose of the audit had been to provide assurance on the adequacy and effectiveness of the key controls and management arrangements associated with ensuring that the Council complies with both its general and specific equalities responsibilities as set out in the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016; (3) advising that the audit was assessed as providing reasonable assurance, concluding that the Council generally had appropriate arrangements in place; (4) intimating that the audit also found that there are effective processes in place for ensuring that equalities outcomes are set and reviewed in accordance with the expected timescales and that key equalities reports had been published in accordance with the Council's specific equality duties; (5) reporting on the recommendations for management consideration and action that arose out of the audit and providing a narrative on the proposed actions to be taken by the service to address these recommendations, together with an update on progress already made and additional planned action to meet the agreed timescales, and (6) informing the Panel that the Scottish Government is expected to imminently publish its findings of the review of the Scottish Specific Duties, which includes the duty to publish equality outcomes and report on progress, and that any changes to the duties would require to be taken into consideration as the Council moved to review and set its next equality outcomes in 2025.

Decided:

- (1) that the progress made to date be acknowledged;
- (2) that the planned activity to provide further substantial assurances that the Council has a sound system of governance, risk management and control to meet the requirements set out in the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016 be endorsed, and
- (3) that the potential for the specific duties to change prior to the next reporting period in 2025 be acknowledged.

AUDIT AND RISK RELATED ITEMS: ACTION LOG

7. 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

8. 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 May 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, a number of issues arising out of the Internal Audit outputs were raised, specifically (a) the requirement for certain staff to hold qualifications in relation to the report on waste/fleet staffing issues, and (b) the dialogue undertaken between Internal Audit and services where agreement cannot be achieved on the entirety of the audit outcome findings and recommendations.

Decided:

- (1) that the findings, conclusions and recommendations of 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”, and
- (3) that the contents of the report be otherwise noted.

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

9. 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 June 2023; (2) advising that Internal Audit had concluded that, of the 19 outstanding Internal Audit recommendations, 4 had been completed and 15 had been partially implemented; (3) explaining that of the 12 actions agreed in respect of external outputs, 7 had been completed, 3 partially implemented, 1 was not yet due and 1 was no longer considered relevant; (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 Completing the Cycle, and (b) Residual Risk Rating Definition.

During consideration of this item, the Chief Officer (Business and Digital), following a request from the Panel, outlined the process for undertaking tests as part of a disaster recovery and business contingency planning processes.

Decided:

- (1) that the contents of the report be noted;
- (2) that the recommendations made by Internal Audit, attached as Appendix 1 to the report, be noted, and
- (3) that reports in relation to (a) finalisation of Corporate Risk – Target Operating Model, and (b) Implementation of Quality Assurance Process to monitor compliance with the Project Management Framework be brought to future meetings of the Panel.

ACCOUNTS COMMISSION: LOCAL GOVERNMENT IN SCOTLAND OVERVIEW REPORT (MAY 2023)

10. There was submitted a report by the Chief Officer (Audit and Risk) (1) presenting to the Panel the contents of the Accounts Commission Report “Local Government in Scotland Overview 2023” which had been published in May 2023; (2) attaching, as a link, access to the report; (3) explaining that the report examines how the pandemic has affected the performance of councils, reviews current and future challenges facing Local Government and considers how well placed councils are to deal with these challenges; (4) indicating that the findings of the Accounts Commission report was drawn from 2021-2022 Annual Audit, Performance and Best Value Work carried out and from specific research and analysis of available data and intelligence; (5) highlighting that the key message from the Accounts Commission is that councils have never faced such a challenging situation, with demand on workforce pressures deepening after the pandemic and funding forecast to reduce in real terms and with the Accounts Commission commenting that radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services and address community needs and inequalities; (6) advising that the report makes a series of recommendations for councils, the Scottish Government and COSLA; (7) indicating that the report provides a high-level overview of how the Council has, and is, responding to the issues identified by the Accounts Commission, and (8) attaching, as an Appendix to the report, the recommendations made by the Accounts Commission.

Decided:

- (1) that the findings, conclusions and recommendations contained within the Accounts Commission report be noted, and
- (2) that the contents of the report be otherwise noted.

NATIONAL FRAUD INITIATIVE – UPDATE

11. There was submitted a report by the Chief Officer (Audit and Risk) (1) informing the Panel of the progress made to date by the Council in response to the 2022 National Fraud Initiative data matching exercise; (2) highlighting where further action was required by the Council and/or relevant services, and (3) explaining that the National Fraud Initiative is a data matching exercise organised by Audit Scotland, undertaken every two years, and is recognised as an important tool in preventing and detecting fraud, and that the information enables public bodies to follow-up matches on a targeted and prioritised basis to establish if fraud has occurred and to enable them to take appropriate action.

Decided: that the contents of the report, progress made to date and future planned action in relation to the follow-up of matches be noted.

RISK MANAGEMENT UPDATE (AND 2023-24 CORPORATE RISK REGISTER)

12. There was submitted a report by The Chief Officer (Audit and Risk) (1) 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, for the first time, 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 2023-24, 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 respective Governance roles; (6) explaining some of the changes in 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) 2023-24 Corporate Risk Register; (b) current strategic risks and issues facing the Council – May 2023, and (c) service risks with the highest residual risk scores.

During consideration of this matter a number of issues were raised by Elected Members and responded to by Officers, in particular (a) processes for identifying and accounting for any processes for identifying and accounting for any liability, or potential liability, for the Council arising from the Historic Child Abuse Inquiry, and (b) the impact on the Council arising from changes to attendance at buildings by Scottish Fire and Rescue Service and how this has been communicated to Elected Members.

Decided:

- (1) that the agreed Corporate Risk Register for 2023/24, attached at Appendix 1 to the report, which incorporates the range of agreed challenges as outlined in the report, be noted;
- (2) that the information contained within the report in respect of risk management arrangements within services (including information on those risks with the highest residual risk scores) be noted, and
- (3) that a further report from the Chief Officer (Audit and Risk) be brought to a future meeting of the Panel informing it of the results of planned work to assess compliance with a newly approved Risk Management Strategy.

SCRUTINY WORK PROGRAMME (MID-YEAR UPDATE)

13. There was submitted a report by the Chief Officer (Business and Digital) (1) referring to the meeting of the Panel held in September 2022 at which it had considered the report outlining the process by which Members of the Panel were able to submit items, functions or activities which potentially required to undergo scrutiny; (2) explaining that, to support this, an assessment and prioritisation process had been set up to allow for the relative merits of each issue brought forward by Panel Members to be assessed objectively, thus making the approach to determine on whether an issue is appropriate for inclusion in the scrutiny work programme clear and transparent and also allowing issues to be prioritised if there are potentially competing matters presented for scrutiny; (3) reminding the Panel that following consideration of a subsequent report at its meeting in February 2023, all aspects of the Panel's scrutiny function had been combined into a composite programme which listed all related reports scheduled to be presented to the Panel during each cycle of 2023/24; (4) advising that this composite approach aims to ensure that the Council fulfils both its statutory Best Value duty and the principles of good corporate governance and aims to ensure that all scrutiny activity remains

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framed within the context of The Plan for North Lanarkshire and is focused on improving local public services and improving local outcomes, and (5) attaching, as Appendices to the report (a) the approach to scrutiny led by Members of the Panel; (b) the assessment and prioritisation process, and (c) the composite scrutiny work programme with timetable of reports to the Panel meetings – 2023 to 2024 (as at July 2023).

During consideration of this matter Councillor B. McCulloch raised the issue of the use of delegated powers by officers and the transparency of that decision making process.

The Convener proposed that he meet with Councillor B. McCulloch to discuss whether this was a matter suitable to be included within the Scrutiny Work Programme.

Decided:

- (1) that the mid-year update to the composite scrutiny work programme, and reporting timetable for the scrutiny function of the Panel, as set out in Appendix 3 to the report, be noted;
- (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 attached at Appendix 2 to the report, and the overall approach, as attached at Appendix 1 to the report, be endorsed, and
- (3) that the Panel continues to carry out its scrutiny role in reviewing and challenging performance to ensure that the Council fulfils its statutory Best Value duty.

STRATEGIC PERFORMANCE FRAMEWORK – PERFORMANCE REPORTING SCHEDULE QUARTERLY PERFORMANCE ASSURANCE REVIEW

14. There was submitted a report by the Chief Officer (Business and Digital) (1) reminding the Panel that it had, at its meeting in February 2023, considered a report on the Strategic Performance Framework – Performance Reporting Schedule 2023 to 2024 and a subsequent report at its meeting in May 2023 setting out the first performance assurance review that had been undertaken of performance reports and which had been submitted to committees during cycle 1 of 2023 and which also advised that performance assurance reviews would thereafter be reported to the Panel on a quarterly basis; (2) explaining that this approach, in bringing together a summary of the Council's performance reports into one composite assurance overview in this way, supports the 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" and the Panel's governance and accountability role in terms of ensuring that the Council can demonstrate Best Value through the existence of robust arrangements for performance reporting and scrutiny; (3) providing the Panel with the outcome from the performance assurance review that had been undertaken of performance reports which had been submitted to Council committees during cycle 2 of 2023, and (4) attaching, as Appendices to the report, (a) Chief Officer's individual six monthly performance reviews at service committees in line with the Strategic Performance Framework, and (b) Chief Officer's service specific performance reporting which takes place each year to meet business and/or statutory obligations.

During consideration of this matter Councillor Hume requested that the Panel receive further information in relation to each of the indicators classified as "red" in the RAG ratings within the Appendices to the report.

The Convener proposed that he, Councillor Hume and the Chief Officer (Business and Digital) meet outwith the meeting to discuss how this information could be provided given that this would require substantial demand upon resources.

Decided:

- (1) that the composite overview of performance reporting provided in Appendices 1 and 2 to the report to maintain an awareness of each report within the Performance Reporting Schedule for 2023 to 2024 be noted, and
- (2) that consideration be given to the provision of further information in relation to each of the indicators marked as red in the RAG status detailed in the Appendices to the report.

ARM'S LENGTH EXTERNAL ORGANISATIONS (ALEOs): GOVERNANCE AND RISK MANAGEMENT OVERSIGHT AND ASSURANCE REPORT 2023/24

15. There was submitted a report by the Chief Officer (Business and Digital) (1) reminding the Panel that the Council delivers a number of services through Arm's Length External Organisations (ALEOs) which have been developed over the previous 20 years to provide services in new ways that are innovative, responsive or more commercially driven; (2) explaining that the Council must have confidence in the quality of service delivery and obtain assurances, through robust monitoring, scrutiny and oversight, that the public purse continues to secure best value and that the externalised delivery arrangements are not exposing the Council to potential operational, financial or reputational risks; (3) providing an overview of the ALEO landscape and the performance and financial monitoring safeguards that are in place to provide such assurance; (4) confirming that ALEO Boards and Management Committees continue to demonstrate effective stewardship, financial governance and risk management; (5) reporting that, in recent years, the number of Council owned ALEOs has reduced following service review activity or external factors which had highlighted that service provision via the externalised delivery vehicles no longer represented best value for the Council and as such, the Council had taken separate decisions to either in-source service delivery or cease provision; (6) updating the Panel on the status of current dissolution activity within Culture and Leisure NL Limited, NL Leisure Limited and North Lanarkshire Municipal Bank Limited; (7) summarising current re-financing activity within North Lanarkshire Properties LLP to secure future borrowing on the most advantageous terms for the company and outlining potential changes that may be brought forward to the Articles of Association in both Routes to Work Limited and Fusion Assets Limited, and (8) attaching, as Appendices to the report, (a) a summary of in-scope ALEOs and joint venture partnerships, (b) statutory bodies: associates and joint ventures, and (c) ALEOs and Strategic Partnership Vehicles: Governance, Operational Delivery and Risk Management Assurance.

Decided:

- (1) that it be acknowledged that ALEO Governance, performance reporting and financial monitoring arrangements were progressing satisfactorily;
- (2) that it be noted that the performance monitoring and oversight arrangements are suitably robust and provide assurance that service delivery reflects Best Value;
- (3) that it be acknowledged that current activity by North Lanarkshire Properties LLP to refinance its outstanding loan balance is at an advanced stage and that further updates would be submitted to the Finance and Resources Committee, and
- (4) that the potential future changes to the separate Articles of Association governing (a) Fusion Assets Limited, and (b) Routes to Work Limited be acknowledged and that details of proposed revisions would be reported to the Enterprise and Fair Work Committee in due course.

SPECIAL AUDIT AND SCRUTINY PANEL - 25 OCTOBER 2023

25 October 2023 at 2 pm.

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

PRESENT

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

CHAIR

Councillor Watson (Convener) presided.

IN ATTENDANCE

Chief Officer (Business and Digital); Chief Officer (Finance); Chief Officer (Audit and Risk); Business Finance Manager (Resource Solutions); Strategy and Performance Manager; Business Strategy Manager; Finance Managers, and Democratic Services Manager.

ALSO IN ATTENDANCE

J. Boyd and P. Murray, Audit Scotland.

APOLOGIES

Councillors Brannan-McVey, Duffy-Lawson and Fisher.

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 2022-23 - LETTER OF REPRESENTATION

2. There was submitted a report by the Chief Officer (Finance) 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 2022-23 (1) 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 also require External Audit to request a written representation from the Accountable Officer providing written assurance on aspects of the Council's Financial Statements and Charitable Trusts and Education Trust Accounts, including the judgements and estimates made in their preparation; (2) explaining that the letters of representation had been signed by the Section 95 Officer and that 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; (3) 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; (4) intimating that, during the course of the audit, the External Auditors have 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 (5) indicating that a list of items that 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.

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

ANNUAL ACCOUNTS 2022/23 - EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2022/23 AUDIT

3. There was submitted a report by the Chief Officer (Finance) (1) reminding the Panel that the Accounts Commission appoints external auditors to local authorities in order to carry out the audit of financial statements in accordance with International Standards on Auditing; (2) outlining the objectives for the Auditors namely to communicate early 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 2022/23 accounts by Audit Scotland was now complete with the final version of the accounts being considered at this meeting; (4) reporting that, following the completion of their audit, Audit Scotland has produced reports to those charged with governance on the 2022/23 Audit, for both the Council and North Lanarkshire Council Charitable Trust in Educational Endowments, to be considered at that meeting; (5) indicating that a full annual report has been prepared by Audit Scotland and would be considered at the meeting, and (6) attaching, as Appendices to the report (a) Audit Scotland Report to those charged with governance on the 2022/23 Audit – North Lanarkshire Council, and (b) Audit Scotland Report to those charged with governance on the 2022/23 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 undertaken to complete and support the audit.

Decided: that the report by Audit Scotland, and the overall information provided by J. Boyd, Audit Scotland, be noted.

AUDIT SCOTLAND 2022-23 ANNUAL AUDIT REPORT

4. There was submitted a report by the 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 2023; (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 also contains audit recommendations and responses, including planned actions, which had been agreed by management, and (3) attaching, at Appendix 2 to the report, a separate report issued by Audit Scotland in relation to its work on Best Value which presents Audit Scotland's consideration of the effectiveness on the leadership of the development of the Council's strategic priorities undertaken as part of a national approach to thematic aspects of the Best Value audit requirements.

Decided:

- (1) that the External Auditor's Annual Audit Report and Best Value thematic 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 2022/23 (AUDITED)

5. There was submitted a report by the Chief Officer (Finance) (1) presenting the Council's final 2022/23 Annual Accounts providing 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 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 signature and to publish these by 31 October immediately following the financial year to which they relate; (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 2022/23 accounts by Audit Scotland is now complete with the final version of accounts attached as an Appendix to the report; (5) explaining that, following consideration of the accounts by the Panel at the meeting, and the update provided by J. Boyd regarding a very late pension adjustment, a copy of the final accounts signed by Council Officers and the Audit Director would be submitted to Audit Scotland, and (6) highlighting that a full annual report has been prepared by Audit Scotland and would be considered at the meeting.

Thereon, E. Kemp took the opportunity to thank her team for the hard work undertaken in respect of production of the annual accounts and, in particular, to pay tribute to Stuart Double, the Accountant who had been responsible for compiling the annual accounts and who had recently passed away.

The Convener also thanked officers from Finance 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 reflecting the late pension adjustment be approved for signing.