

**MINUTE**  
**of**  
**AUDIT & SCRUTINY COMMITTEE**

**Minute of virtual meeting held at 2.00pm on 24 June 2021.**

**Present:**

Councillor Stewart Miller (Chair)	Councillor Annette Ireland
Councillor Barbara Grant (Vice Chair)	Councillor Jim McLean
Councillor Angela Convery	Councillor Jim Swift
Councillor Charlie Gilbert	

Councillor Miller in the Chair

**Attending:**

Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Barbara Clark, Chief Accountant; Michelle Blair, Chief Auditor; Claire Coburn, Strategic Services Lead Officer; Nick Hill, Strategic Services Assistant; Linda Hutchison, Clerk to the Committee; John Burke, Committee Services Officer; and Liona Allison, Assistant Committee Services Officer.

**Also Attending:**

Morven Fraser, Audit Scotland.

**DECLARATIONS OF INTEREST**

**1679.** There were no declarations of interest intimated.

**CHAIR'S REPORT**

**1680.** The Chair reported, and it was noted, that there were no issues which he wished to bring to the committee's attention at this time.

**UNAUDITED ANNUAL ACCOUNTS 2020/21**

**1681.** Under reference to the Minute of the meeting of 29 April 2021 (Page 1516, Item 1632 refers), when the 2020/21 Annual Audit Plan and timetable for the publication of related documents had been noted, the committee considered a report by the Head of Accountancy (Chief Financial Officer) on the unaudited Annual Accounts for 2020/21 which had been submitted for audit to Audit Scotland, and which were attached for consideration in line with the Local Authority Accounts (Scotland) Regulations 2014.

It was reported that the financial position of the Council continued to be satisfactory. All General Fund departmental outturn expenditure had been within budget, with directors having

taking early action to avoid non-essential expenditure during 2020/21, as it had been uncertain until full COVID-19 grant funding was confirmed towards the end of the financial year whether sufficient government grants would be provided to cover COVID-19 pressures. As a result of the approach taken, there had been no need to draw down the £3,500,000 from reserves as planned, and a contribution of £1,964,000 had been made to the Non-Earmarked General Fund Reserve, resulting in a balance of £11,607,000 as at 31 March 2021, representing 4.5% of the annual budgeted net revenue expenditure. This was slightly above the Council's most prudent target of 4%, and would help address the financial challenges facing the Council during 2021/22 and beyond.

The report clarified that significant funding had been awarded to the Council in 2020/21 in respect of COVID-19 and was expected to cover some of these pressures in the current year, with £12,815,000 to be carried forward to 2021/22 under the heading of "Unspent COVID Grants".

It was confirmed that £35,084,000 of capital expenditure had been invested. There had also been an operating deficit of £95,000 on the Housing Revenue Account (HRA) which had decreased the accumulated surplus balance to carry forward to £2,221,000.

The Head of Accountancy (Chief Financial Officer) highly commended the Chief Accountant and her team for completing the accounts within the planned timescale, commenting on the scale of work involved and particular challenges faced associated with, for example, late notification of the guidance to be followed on the presentation of the accounts, remote working, and the COVID-19 emergency. Councillor Miller echoed these comments.

Whilst referring to key aspects of the report, the Chief Accountant confirmed that the Council's affairs had been managed within its operational budget, highlighting the action taken to avoid all non-essential expenditure pending confirmation and receipt of COVID-19 related grant and also the related impact of this on the use of reserves. Having commented on capital expenditure and the HRA's deficit for 2020/21 but overall surplus balance, she drew the committee's attention to the Management Commentary in the accounts which outlined key messages on the objectives and strategy of the Council and the Council's financial performance during 2020/21. The commentary also indicated issues and risks which might impact on the Council's finances in future, including COVID-19, on which a section had been included.

Various Members expressed their appreciation to the Chief Accountant, Accountancy Team and other officers for what had been achieved.

Councillor Ireland asked if the COVID-19 grant received, which had been carried forward to 2021/22, would be used during the current year and if the purpose for which it would be used was known. The Chief Accountant reported that it was unknown what funding would be received in 2021/22 to address COVID-19 pressures, so the availability of those reserves was useful. The Head of Accountancy (Chief Financial Officer) added that some funding had been received at the end of 2020/21 specifically for COVID-19 pressures, but the Council had flexibility to determine which specific COVID-19 issues its use could be attributed to. However, she added that some of the funds carried forward were more tightly defined, such as for use by the Education Department to help address the attainment gap. Councillor Ireland welcomed the funds received which could help address future financial pressures.

In response to Councillor Grant who sought clarification on the reimbursement of funds by the NHS to the Council and East Renfrewshire Culture and Leisure Trust (ERCLT) for the use of facilities as vaccination and testing centres, the Head of Accountancy (Chief Financial Officer) confirmed that related discussions had been progressed, a funding agreement had been reached recently, and that the funds would be forthcoming in the near future. In terms of

related accounting arrangements, she indicated that for both the Council and the Trust as appropriate the reimbursement would be attributed to the relevant financial year for which the expenditure had been incurred, as would be the case moving forward.

The committee agreed to note the content of the unaudited Annual Accounts for 2020/21 and that a report on the final accounts and related documents would be submitted to a future meeting.

## **CODE OF CORPORATE GOVERNANCE 2021/22**

**1682.** Under reference to the Minute of the meeting of 13 August 2020 (Page 1225, Item 1317 refers), when the Code of Corporate Governance updates and actions for 2020/21 had been approved, the committee considered a report by the Deputy Chief Executive on progress against improvement actions since then, and seeking approval of a revised Code for 2021/22.

The report reiterated the Council's responsibilities for the conduct of its business, defined what the Code of Corporate Governance was, and explained that the proposed updates took account of guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). The report referred to key requirements with which the Council had to comply and summarised progress on 2020/21 actions, highlighting that five of the seven improvement activities listed in the 2020/21 Code had been completed, and that the remaining activities had been carried forward into the 2021/22 plan. It was clarified that the plan outlining the next steps for Community Choices participatory budgeting events had been delayed due to COVID-19 restrictions. Furthermore, the Climate Change Strategy and Action Plan remained under development.

The updated Code of Corporate Governance for 2021/22, setting out arrangements which fulfilled the seven governance principles outlined in national guidance, was appended to the report. Self-assessment against nationally prescribed criteria had found the Council to be compliant across all principles apart from one relating to managing data. The Chief Auditor had identified that data sharing agreements recorded on information asset registers were not up to date in March 2020, as a result of which a new action relating to the roll out of a replacement Information Asset Register application had been added to the Code.

Having itemised actions to be taken in 2021/22 to further improve compliance with the Code and commented on the Annual Governance Statement to be published in the 2020/21 Annual Report and Accounts, the report concluded that the Council was governed by sound and effective internal management controls, and continued to demonstrate compliance with the requirements of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. Progress on planned actions for 2020/21 had been posted on the Council's website, as would the 2021/22 Code, subject to it being approved by the committee.

The Strategic Services Assistant highlighted key issues within the report during which he commented on requirements with which the Council had to comply, the extent of the compliance against nationally prescribed criteria, and the actions to be taken to further improve compliance with the Code in 2021/22.

Councillor Ireland sought clarification on the timescale for production of the Climate Change Strategy and Action Plan in which the committee had an interest in view of its investigation on climate change, and regarding the related Member/Officer Working Group to be established. The Strategic Services Assistant explained why there had been a delay regarding the Strategy and Action Plan linked to the related consultation process adopted for it which had begun and was ongoing, and referred to associated reports submitted to the Cabinet and a briefing on the work provided for Elected Members. He undertook to seek and provide

clarification on the progress made regarding the establishment of the Member/Officer Working Group for circulation to members of the committee. The Head of Accountancy (Chief Financial Officer) confirmed that the Corporate Management Team (CMT) had started to receive some initial reports on this work, and was looking at how related work could be progressed and funding for early stages of this work.

The committee:-

- (a) noted progress on the 2020/21 Code of Corporate Governance improvement actions;
- (b) approved the Code of Corporate Governance updates and actions for 2021/22; and
- (c) agreed that the Strategic Services Assistant seek and provide further clarification on the Member/Officer Working Group on Climate Change to the Clerk for circulation to members of the committee.

#### **INTERNAL AUDIT PLAN 2020/21 – IMPLEMENTATION PROGRESS – JANUARY TO MARCH 2021**

**1683.** Under reference to the Minute of the meeting of 18 February 2021 (Page 1422, Item 1534 refers), when it had been agreed to approve revisions to the Internal Audit Annual Plan for 2020/21, the committee considered a report by the Chief Auditor regarding progress made on the implementation of the revised Plan from 1 January to 31 March 2021.

It was confirmed that four audit reports in relation to planned 2020/21 audit work had been issued in quarter 4, information on which was provided. Reference was also made to the quarterly performance indicators (PIs) for the section, some of which were not being met due to COVID-19 restrictions on audit work that could be carried out, and delays in departments responding to audit queries. It was confirmed that there had been one new request for assistance dealt with using contingency time. Although no further information could be provided at present as the investigation was ongoing and had also been referred to the police, an update would be provided on completion of the investigation. Six audits relating to planned 2020/21 audit work were still in progress.

Whilst commenting on the report, the Chief Auditor referred to the challenges associated with pursuing audit work remotely due to COVID restrictions, and confirmed that the number of audits still in progress had now reduced to five and that it was intended to issue further reports during the next few weeks. Having referred to the findings of the audit on Council Tax billing and collection, and the application audit of Integra, the Chief Auditor also referred to the use made of contingency time in the last quarter.

In response to Councillor Grant who sought clarification regarding staffing issues within the section, the Chief Auditor confirmed the position and her intention to try to fill the vacant post that had been held previously by the late senior auditor in the second quarter of the year. General challenges regarding the filling of audit posts were referred to.

The committee agreed:-

- (a) not to seek any of the reports issued during the quarter at this stage; and
- (b) otherwise, to note the report and related comments.

## **INTERNAL AUDIT STRATEGIC PLAN 2021/22 – 2025/26**

**1684.** The committee considered a report by the Chief Auditor on the Internal Audit Strategic Plan for 2021/22 to 2025/26, which included the proposed Annual Audit Plan for 2021/22. It was clarified that the Internal Audit function operated in accordance with Public Sector Internal Audit Standards (PSIAS).

The report explained that the plan had been prepared following consultation with key partners, referred to risk related issues, and clarified, amongst other things, that new audits added to the audit universe included COVID business grants and client monies. Similarly, some audits had been deleted from the universe as they were no longer applicable, had low risk assessments, or had been merged with other audits. It was clarified that 20 audit days had been included in the plan for providing an internal audit service to the ERCLT, with the scope of audits to be carried out using these days to be agreed with the management of the Trust and members of its Finance, Audit and Risk Committee. Resulting audit reports would be issued directly to the Trust's Chief Executive.

Referring to audit needs compared to resources available, the report explained that over the 5-year period of the plan there was a projected shortfall of 148 audit days which was considered manageable but would be kept under review. The current staffing levels of the Internal Audit section were considered adequate at present, subject to the vacant post being filled in the second quarter of 2021/22 which had been assumed when calculating the number of audit days available, but would be kept under review. Whilst making reference to one of the performance indicators for the section measuring direct audit days as a percentage of the total days available the target for which was 75%, the report explained that there was a possibility that this would not be fully met. This would be kept under review and reported on quarterly to the committee.

Whilst highlighting key aspects of the report, the Chief Auditor referred to consultation with both the CMT and Elected Members which had informed the final content of the Plan, and the need to take account of the fact that several audits had been deferred from 2020/21 to 2021/22. Having reiterated her intention to fill the vacant post in her section, and confirmed that progress reports would be submitted to the committee as usual, she cited examples of audits added to the plan, and of those removed from it, such as civic catering, which were considered less relevant. The Chief Auditor also referred to the audit work to be undertaken for the ERCLT and IJB and related reporting arrangements, following which she confirmed there would be no audit reports in relation to some aspects of work undertaken by her section, such as on grant certification in respect of which she would be writing instead to the grant awarding body.

In response to Councillor Ireland who welcomed the intention to audit COVID business grants and asked when the outcome of this work would be reported to the committee, the Chief Auditor indicated that it was possible but unlikely that this work, lasting two to three months and focussing primarily on grants dealt with by the Environment Department, would be concluded in time to enable the outcome to be included in the progress report to be submitted to the committee in September. She added that there had not been any clarity thus far on the likelihood of any national exercise being undertaken that would allow inter-authority checks to take place, such as to identify duplicate claims.

The committee agreed to approve the Internal Audit Strategic Plan for 2021/22 to 2025/26.

## **NATIONAL EXTERNAL AUDIT REPORT – IMPROVING OUTCOMES FOR YOUNG PEOPLE THROUGH SCHOOL EDUCATION**

**1685.** The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Improving Outcomes for Young People Through School Education*, which under the committee's specialisation arrangements had been sent to Councillors McLean and Swift for review. The Director of Education had been asked to provide comments and a copy of his feedback was attached to the report.

It was explained that the Audit Scotland report had been published in March 2021, following audit work on how effectively the Scottish Government, councils and their partners were improving outcomes for young people through school education. Work on the audit had commenced in 2019, paused in March 2020 because of the COVID-19 pandemic, then restarted in October 2020 to look at the impact of COVID-19 on school education and the related response by the Scottish Government, councils and their partners. The report recognised that the situation was fast-changing and only covered actions taken until early January 2021.

Strong evidence in East Renfrewshire of the Education Department's relentless focus on delivering excellence and equity for all its learners was reported, as clearly represented by its vision of *Everyone Attaining, Everyone Achieving through Excellent Experiences*. Having made reference to various reports submitted to the Education Committee highlighting key areas the department considered fundamental in its intention to continually improve outcomes for children and young people through their school education, and to succeed in learning, life and work, the report itemised the key messages in the Audit Scotland report. The report had focused on attainment before the disruption caused by the pandemic, compared performance across council areas, and made various recommendations for the Scottish Government, councils and Education Scotland, some of which were to be taken forward collaboratively.

Reference was made to how, in broad terms, the report examined the Achievement of Curriculum for Excellence Levels (ACEL) in literacy and numeracy in both the primary and secondary sectors and related key indicators. The report explained that the Audit Scotland analysis showed that East Renfrewshire performed well and from a very high base, having led developments in a number of areas raised over the years or already taken action to address more recent recommendations. It was stressed that the Education Department was not complacent, as reflected in information provided on its assessment of its current position against the recommendations councils were to take forward, a copy of which was attached to the report, which demonstrated current strengths and intent to improve further. It was concluded that East Renfrewshire Education Department's values-based vision, its culture of continuous improvement, and evidence of positive outcomes and impacts to date, showed that the authority was well placed to address the Audit Scotland recommendations.

The committee agreed to note the report and related comments made.

## **NATIONAL EXTERNAL AUDIT REPORT – DIGITAL PROGRESS IN LOCAL GOVERNMENT**

**1686.** The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Digital Progress in Local Government*, which under the committee's specialisation arrangements had been sent to Councillors Miller and Grant for review. The Head of Communities, Revenues & Change had been asked to provide comments and a copy of her feedback was attached to the report.

The report provided high level comments on the Council's position regarding the areas covered by the Audit Scotland report published in January 2021. It was highlighted that East Renfrewshire had a longstanding commitment to digital transformation, had been instrumental in the establishment of the Local Government Digital Office in 2015/16, and that the Chief Executive was Chair of the Scottish Local Government Digital Transformation Board. The Digital Office and Board had been key contributors to the Audit Scotland report, and the Council had also been actively involved in the national digital partnership forum and key collaborative work streams, a summary timeline for which was provided.

The report itemised recommendations made by Audit Scotland on a range of issues including assessment of progress on digital services; digital leadership; the digital workforce; collaboration and innovation, in respect of each of which comments were provided on the position within the Council. A recent report considered by the Cabinet on 3 June 2021, providing an update on the Council's Modern, Ambitious Programme (MAP) and the Council's digital transformation agenda was attached to the report.

The report concluded that there had been substantial progress made, particularly across the pandemic period, in the delivery of the Council's digital strategy. The Council's aspirations to continue its ambitious modernisation journey remained as important as ever and the pace and scale of change across the Council and HSCP was significant. Prioritisation, resource management and good governance were highlighted as key to the next stages of the digital transformation journey, with a focus on customer experience, business systems and processes, and the use of Office 365 to enhance productivity. This was considered especially relevant as the Council recovered from the pandemic and moved forward into a phase of renewal.

The committee agreed to note the report and related comments made.

## **NATIONAL EXTERNAL AUDIT REPORT – SELF-DIRECTED SUPPORT (SDS) – 2017 PROGRESS REPORT – IMPACT REPORT – FUTURE SDS DEVELOPMENT ACTIVITY**

**1687.** Under reference to the Minute of the meeting of 24 September 2020 (Page 1278, Item 1377 refers), when the committee had noted a report on key themes within the Audit Scotland report entitled *Self Directed Support (SDS) - 2017 Progress Report – Impact Report*; the HSCP's current SDS implementation position; and that self-evaluation activity was to be undertaken locally to inform the future programme of development; and agreed that, following that self-evaluation, a further update on future SDS development activity should be submitted, the committee considered a report by the Clerk summarising the background to the request for further feedback. A copy of an update on progress in relation to the implementation of SDS within the East Renfrewshire HSCP, which had also been submitted to the IJB Performance and Audit Committee, was attached to the report.

The report explained that evaluation and review work had taken place between November 2020 and March 2021, the findings of which were outlined. These included a recognition that SDS was being used creatively in East Renfrewshire; and that budgets were fair and gave people opportunity and choice when managing their support. Furthermore, the review noted the benefits of an Independent SDS Forum and Carers Centre locally, and it was clear the current relationships were positive and partnership working was valued. The general public were considered to be well informed and knew how to access services within East Renfrewshire.

Social Workers consulted during the review were positive about the model of SDS and would like to ensure continued improvement.

The report also outlined a number of areas for improvement, in particular, the need for the assessment and support plan approval process to be streamlined. A number of gaps in practices and processes were also identified during the review and these were outlined.

The report explained that the review had identified a number of issues in relation to resources and resource allocation. In particular, increased flexibility to use budgets more creatively had been raised by practitioners supporting carers/care recipients, as had issues around resources, and further testing of the Individual Budget Calculator was required, although early indicators were that the model was working well for both individuals and practitioners.

The need to consider how to adequately resource capacity to deliver the review recommendations was referred to. This could possibly be achieved through the realignment of existing staff although it was explained that, should this not be possible and additional resources were required, it would be necessary to demonstrate a clear business case and identify a funding source, potentially on an invest to save basis.

Having emphasised that person-centred and relationship practice was the foundation to social work practice and SDS with clear opportunities to build on existing strengths and drive forward process and practice improvements, the report explained that an SDS steering group had been established to oversee the local implementation programme. The group would be co-chaired by the Head of Service and SDS Forum Manager and membership would include people with lived experience of using SDS, practitioners, managers and finance officers. The group would collaborate to agree and oversee a local implementation plan, highlighting key priorities, achievements and risk to the Directorate Management Team, Performance and Audit Committee and IJB as required.

In response to Councillor Ireland who, having welcomed the report and progress made, sought clarification on the extent to which social workers had been invited to and did contribute to the review or related focus group, the Clerk indicated that she would seek further feedback on this for circulation.

Thereafter, the committee:-

- (a) agreed that the Clerk should seek clarification on the extent to which social workers had been invited to and did contribute to the review or related focus group for circulation to members, as requested; and
- (b) otherwise, noted the report and related comments made.

CHAIR