

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE7 April 2022Report by ClerkIMPLEMENTATION OF 2021/22 WORK PLAN, OUTCOME OF SELF-EVALUATION  
AND WORK COMPLETED SINCE 2017

1. To provide an update on the implementation of the 2021/22 Audit and Scrutiny Committee Work Plan and related issues; seek approval of the observations and recommendations made by the committee arising from its self-evaluation; and consider the draft report prepared reviewing the committee's activities from 2017 to 2022.

**RECOMMENDATIONS**

2. It is recommended that the committee:-
- (a) notes and considers performance against the committee's 2021/22 Annual Work Plan;
  - (b) approves the summary of observations and recommendations made arising from its self-evaluation;
  - (c) considers if any amendments should be made to the draft report prepared reviewing the committee's activities from 2017 to 2022;
  - (d) agrees to authorise the Clerk, in liaison with the Chair, to fine-tune and finalise the report reviewing its activities from 2012 to 2017 during the forthcoming weeks prior to the local government Elections; and
  - (e) notes that reports on the committee's 2022/23 Work Plan will be submitted to future meetings of the committee following the forthcoming local government Elections.

**PROGRESS MADE ON COMMITTEE'S 2021/22 WORK PLAN**

3. In June 2019, as recommended by the committee, the Council approved a *Guide to Scrutiny and Review* which was distributed to all committees and Members of the Council for their use.

4. Amongst other things, to help the Audit and Scrutiny Committee schedule and prioritise its work over the course of each year, the guide proposed that an annual Work Plan be developed and agreed. This was to help provide transparency, openness and evidence of the Council's ongoing commitment to demonstrating Best Value and continuous improvement in the interests of local residents, customers and service users in accordance with the strategic priorities and outcomes of the Community Plan; Vision for the Future (Corporate Plan); and the Outcome Delivery Plan. As appropriate, the Work Plans prepared include reference to specific areas of investigation identified and agreed by the committee and related timescales to progress these, taking account of selection and rejection criteria for reviews within the *Guide to Scrutiny and Review*, enhanced by a priority rating scale that

was developed to help determine further what work is considered a high, medium or low priority to progress, and if work should be pursued on some suggested issues at all.

5. In April 2021 the committee noted performance against its Annual Work Plan for 2020/21, and approved its 2021/22 Work Plan to the extent it had been developed. It was highlighted that the 2021/22 Work Plan would effectively be a 'live' document, agreed that development of the Plan should continue, and noted that progress on delivering it would be reviewed in due course. As for the 2020/21 Work Plan, the 2021/22 Plan included reference to recurring reports considered every year, such as on treasury management, Internal Audit work and risk management.

6. Further to the progress report submitted to the committee in January 2022 on implementation of the 2021/22 Work Plan by that stage, an updated version of the Plan and related notes is attached (see Appendix 1) which refers to progress on various issues and related matters.

7. It was highlighted last April that the 2021/22 Work Plan took account of national and local external audit reports which had been or were to be published during that financial year, to the extent the position on this was known at that point, to allow comments on the local position on issues to be sought from officers for consideration under the committee's specialisation arrangements. It was also highlighted that the Auditor General, the Accounts Commission and Audit Scotland were responding to the risks to public services and finances from COVID-19 across the full range of its audit work, including annual audits and the performance audit programme; and that in view of the position on COVID-19, Audit Scotland was maintaining a pragmatic and flexible approach which would enable changes to be made to its approach at short notice as new issues emerged or risks changed in significance.

8. Further to the above it was reported, in April 2021 and January 2022, that the External Auditor had confirmed that there had been some changes to planned reports for the year and that some dates remained to be finalised. The committee's 2021/22 Work Plan has been updated since April as the position on the publication of reports was clarified. The External Auditor confirmed which further reports could be published in the first few months of 2022. Although some have been published, taking account of the need to allow sufficient time for feedback to be sought and prepared for submission to the committee, feedback on these will be submitted following the forthcoming local government Elections as part of the committee's 2022/23 Work Plan.

9. Reference has been included in the update to potential review areas, as identified by the current committee, on which there were plans to pursue some work in due course but on which it has not been agreed to progress any further work thus far. Amongst other things, reference is also included to the Audit Scotland *COVID-19 Scrutiny Guide for Audit and Risk Committees* published in August 2019 on which the committee received comments at one point. As highlighted previously, taking account of other updates Elected Members are receiving on COVID-19 such as submitted to the Council, it remains an option for Members to request an update on issues raised in that Guide by exception, should they wish to do so.

10. As highlighted in January, in view of the forthcoming local government Elections and as the committee's meeting on 7 April is the final one during the current Administration, reference has been included in the update to items to be considered at this meeting. Reference will be made to these in the 2022/23 Work Plan also.

11. The committee is invited to note and consider performance against the 2021/22 Work Plan, which includes reference to some new issues that were added to the Plan since it was approved in April 2021, and the issues scheduled to be considered at this meeting.

## REVIEW OF COMMITTEE'S WORK SINCE 2017

12. Since an audit committee was first established by the Council in 1999, periodically reports have been prepared overviewing work it has undertaken, including prior to the local government elections in 2007, 2012 and 2017. On each occasion, this was one of the final issues the committee wished to progress to enable information prepared to be made available, for example, to those elected to the new Council. Such reports have included reference to key aspects of the committee's work, including those driven by the committee itself and interest taken in various issues. Taking account that it would be useful to reflect again on what the committee has progressed and achieved during the past 5 years, in April 2021 it was proposed that a short, focussed report be prepared again on key aspects of work undertaken since 2017.

13. A copy of the draft is attached for consideration (see Appendix 2). Members are invited to comment on any amendments they wish to propose at this stage and to note that work will be progressed with the Communications Team on the final formatting of the document. It is also proposed that the Clerk, in liaison with the Chair, be authorised to fine-tune and finalise the report prior to the local government Elections.

## SELF-EVALUATION

14. Both the 2021/22 Work Plan and 2017-2022 review report makes reference to a self-evaluation exercise progressed by the committee. It is recommended that Audit Committees review their effectiveness as often as annually, the committee's view in 2017 being that periodic self-evaluations are useful, such as for analysing performance, enhancing practices, and identifying how it can support the work of the Internal Audit service for example. However it was felt by the committee then, and still is, that doing this as frequently as annually is neither a necessary nor efficient use of its limited time and resources. In August 2017, the committee agreed that a self-evaluation be carried out at least once during the life of this Council. It was subsequently agreed that this work would be progressed prior to the local government Elections in May 2022, with a report on the outcome submitted at this time.

15. In 2012 and 2017 a self-assessment tool developed by the Audit Committee Institute (ACI) to help such committees assess their own effectiveness was used following its adaptation for local authority use. This time, further to various discussions, including with the Chair, the External Auditor and the Head of Accountancy (Chief Financial Officer), it was agreed to use tools made available by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the review on what is accepted as best practice for local authority audit committees.

16. More specifically, 3 documents within the CIPFA *Practical Guidance on Audit Committees for Local Authorities and Police* (2018) were used and the focus of discussions:-

- **A Knowledge and Skills framework**, which focussed on core areas of knowledge; specialist areas of knowledge; and core skills, including:-
  - Organisational issues
  - The roles and functions of the committee
  - Governance matters
  - Internal and External Audit
  - Financial management and accounting
  - Risk management
  - Treasury management
  - Strategic thinking and understanding of materiality
  - Questioning, constructive challenge and objectivity

- The focus on improvement
  - Communication and the needs of users
  - Meeting management skills
- **A Good Practice Self-Assessment**, which focussed on the extent to which there is compliance with principles set out in the CIPFA Guidance, including on the:-
    - Committee's purpose and related governance issues (e.g. if there is a dedicated audit committee, its terms of reference and acceptance of its role)
    - Membership of the committee and support (e.g. its separation from the Executive, availability of training to support its membership, its relationships with key people, and secretariat and administrative support)
    - Effectiveness of the committee (e.g. of its meetings, engagement with leaders and managers, how it adds value, and plans to address its weaknesses)
  - **An Evaluation of Effectiveness Checklist**, which focussed on helping Members consider where the committee is most effective and where there is scope to do things differently such as, for example, on:-
    - Promoting good governance principles and their application to decision making
    - Contributing to the development of an effective control environment
    - Advising on the adequacy of the assurance framework and considering if assurance is deployed efficiently and effectively
    - Supporting the quality of the Internal Audit activity
    - Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks

17. Discussions were pursued during 3 informal meetings on 20 January and 4 and 17 February, in advance of which copies of the templates were made available to the committee to help them prepare, as well as the Head of Accountancy (Chief Financial Officer) and a representative of the Internal Audit team. At the meetings, based on discussions, ratings, related comments and views and, observations and recommendations to pass on to those serving on the committee following the forthcoming Elections were recorded by the Clerk. Following the meetings, the final templates were prepared based on views expressed, copies of which are available from the Clerk, and related observations and recommendations were summarised. All were circulated to the committee and others involved in the discussions for review to allow any final comments to be made.

18. On the basis of the outcome of the committee's self-evaluation, a list of observations and also recommendations on matters where room for some improvement is considered to exist in its view, listed under various categories, has been prepared (see Appendix 3) to pass on to those appointed to the new committee established after the election in May and others as considered appropriate. The committee are invited to consider if they wish any further changes made to the issues listed.

## CONCLUSION

19. In the interests of transparency, openness and to provide evidence of the Council's ongoing commitment to demonstrating Best Value and continuous improvement, this report reflects the range of work progressed by the committee during 2021/22 and also the work it has progressed between 2017 and 2022. Following completion of the committee's self-evaluation, related observations and recommendations to pass on are provided for approval.

## RECOMMENDATIONS

20. It is recommended that the committee:-
- (a) notes and considers performance against the committee's 2021/22 Annual Work Plan;
  - (b) approves the summary of observations and recommendations made arising from its self-evaluation;
  - (c) considers if any amendments should be made to the draft report prepared reviewing the committee's activities from 2017 to 2022;
  - (d) agrees to authorise the Clerk, in liaison with the Chair, to fine-tune and finalise the report reviewing its activities from 2012 to 2017 during the forthcoming weeks prior to the local government Elections; and
  - (e) notes that reports on the committee's 2022/23 Work Plan will be submitted to future meetings of the committee following the forthcoming local government Elections.

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### Background Papers

CIPFA Practical Guidance on Audit Committees for Local Authorities and Police (2018)  
Proposed Guide to Scrutiny and Review - Report by Chief Executive (*Jun 2019*);  
Potential Areas for Scrutiny & Review Investigations - Report by Chief Executive (*Aug 2019*)  
Audit & Scrutiny Committee Work Plan - Report by Clerk (*Sept 2019*)  
Audit & Scrutiny Committee Work Plans 2019/20 and 2020/21 - Reports by Clerk (Jun 2020 and January 2021)  
Audit & Scrutiny Committee Work Plans 2020/21 and 2021/22 - Reports by Clerk (April 2021 and January 2022)

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Audit and Scrutiny CommitteeUpdate on Implementation of 2021/22 Work Plan

Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
29 April 2021	Consultancy Expenditure and Related Log ( <b>See Note 1 below</b> )	Clerk to the Committee in liaison with Chief Officer - Legal and Procurement	29/4/21
	East Renfrewshire Council – Annual External Audit Plan 2020/21	External Auditor	29/4/21
	National External Audit Report - Local Government in Scotland Financial Overview 2019-20	Clerk in liaison with Head of Accountancy (Chief Financial Officer)	29/4/21
	Audit and Scrutiny Committee Work Plans 2020/21 and 2021/22	Clerk to the Committee	29/4/21
24 June 2021	Unaudited Annual Accounts 2020/21	Head of Accountancy (Chief Financial Officer)	24/6/21
	Code of Corporate Governance 2021/22	Deputy Chief Executive	24/6/21
	Internal Audit Plan 2020/21 - Implementation Progress – January to March 2021	Chief Auditor	24/6/21
	Internal Audit Strategic Plan 2021/22 – 2025/26		24/6/21
	National External Audit Report - Improving Outcomes for Young People Through School Education	Clerk in liaison with Director of Education	24/6/21
	National External Audit Report - Digital Progress in Local Government	Clerk in liaison with Deputy Chief Executive and Chief Executive	24/6/21

Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
24 June 2021 (Cont'd)	National External Audit Report - Self-Directed Support (SDS) - 2017 Progress Report - Impact Report - Future SDS Development Activity	Clerk in liaison with Chief Officer, Health and Social Care Partnership	24/6/21
12 August 2021	Annual Treasury Management Report 2020/21	Head of Accountancy (Chief Financial Officer)	12/8/21
	Internal Audit Annual Report 2020/21	Chief Auditor	23/9/21
	Internal Audit Plan 2021/22 - Implementation Progress - April to June 2021		12/8/21
23 September 2021	Public Sector Internal Audit Standards (PSIAS) Internal Self-Assessment	Chief Auditor	12/8/21
	Strategic Risk Register and Risk Management Progress – Biannual Report	Chief Executive	23/9/21
	Managing the Risk of Fraud and Corruption - East Renfrewshire Council Annual Fraud Statement 2020/21 (Including Audit Scotland Fraud and Irregularity Report 2020/21)		23/9/21
	National Fraud Initiative – Update	Report by Head of Communities, Revenues & Change	23/9/21
	Managing Absence – 2020/21 Annual Report	Deputy Chief Executive	23/9/21
	Summary of Early Retirement/ Redundancy Costs to 31 March 2021		23/9/21
	Withdrawal from European Union – Update ( <b>See Note 2 below</b> )	Director of Corporate & Community Services and Director of Environment	23/9/21



Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
23 September 2021 (Cont'd)	Audit Scotland COVID-19 Guide for Audit and Risk Committees and Related Comments ( <i>If Members Wished to Pursue Further Feedback</i> ) <b>(See Note 3 below)</b>	Clerk to the Committee	25/11/21 ( <i>See Chair's Report</i> )
	National External Audit Report - Local Government Overview (Challenges and Performance)	Clerk in liaison with Deputy Chief Executive	12/8/21
25 November 2021 ( <b>See Note 4 Below</b> )	2020/21 Annual Accounts and Draft Annual Audit Report for East Renfrewshire Council	Head of Accountancy (Chief Financial Officer) and External Auditor	25/11/21
	2020/21 Annual Accounts for Council's Charitable Trusts and External Audit International Standard on Auditing 260 Report		25/11/21
	Interim Treasury Management Report 2021/22	Head of Accountancy (Chief Financial Officer)	25/11/21
	Internal Audit Plan 2021/22 – Implementation Progress – July to September 2021	Chief Auditor	25/11/21
	Update on Implementation of Recommendations Accepted Regarding Audit and Scrutiny Committee's Investigations on:-  (i) Income Generation and Commercialisation; and  (ii) Climate Change.  <b>(See Note 5 Below)</b>	Chief Executive  Director of Environment	20/1/22
	National External Audit Report - Impact of COVID-19 on Scottish Councils' Benefit Services	Clerk in liaison with Head of Communities, Revenues and Change	20/1/22
	Update on Audit and Scrutiny Committee Work Plan 2021/22	Clerk to the Committee	20/1/22

Planned Report Date	Report Subject	Report by	Date Considered by Audit & Scrutiny Committee
20 January 2022 <b>(See Note 4 Below)</b>	<i>As of April 2021, when the Work Plan was approved, no items were scheduled to be considered in January 2022 but, as reflected above, various issues originally scheduled for November are now being considered in January 2022</i>	N/A	N/A
17 February 2022 <b>(See Note 4 Below)</b>	Internal Audit Plan 2021/22 – Implementation Progress October to December 2021	Chief Auditor	17/2/22
	Treasury Management Strategy 2022/23	Head of Accountancy (Chief Financial Officer)	17/2/22
	Withdrawal from European Union – Update <b>(See Note 2 below)</b>	Director of Corporate & Community Services and Director of Environment	17/2/22
7 April 2022 <b>(See Note 4 Below)</b>	East Renfrewshire Council - Annual Audit Plan 2021/22	External Auditor	7/4/22
	Strategic Risk Register and Risk Management Progress - Biannual Report	Chief Executive	7/4/22
	Work Progressed by Committee Since 2017; Performance Against 2021/22 Work Plan; and Self-Evaluation <b>(See Note 6 Below)</b>	Clerk to the Committee	7/4/22

## **NOTES ON WORK PLAN**

### **Note 1 (Consultancy Expenditure and Related Log)**

In January 2019 the committee agreed, at the end of the 2019/20 financial year, to review the content of the log the Council established on the appointment of consultants and related issues. The committee noted a report on this issue in June 2020, and agreed that further reports on consultancy expenditure, as referred to in the log created for this by the Chief Officer (Legal and Procurement), be submitted annually after the end of each financial year. Reference to this was included in the 2021/22 Work Plan and will be included in future Work Plans. The next report is scheduled to be submitted in June 2022.

### **Note 2 (Withdrawal from European Union)**

In February 2019 the committee considered feedback on a National External Audit Report on *Withdrawal from the European Union (EU) - Key Audit Issues for the Public Sector*. A report on the Council's *Treasury Management Strategy for 2019/20*, and the implications which Brexit might have for interest rates, Council borrowing, return on investments etc., had also been considered. Audit Scotland had also indicated that the scope, timing and any performance audit work relating to a further report it proposed to prepare on the *Withdrawal from the EU* would depend on developments.

In August 2019 the committee agreed to carry out a review regarding Brexit and the related financial implications as a medium priority issue, subject to further consideration of the timing of its commencement, having regard to the future outcome of the UK Government's discussions with the EU. It was also agreed then that, in the first instance following the appointment of the Council's Brexit Coordinator, arrangements should be made for the post holder to meet the committee to allow its members to take evidence/gather information on Brexit issues. The post was to help coordinate and monitor progress on all aspects of Brexit, including internal preparedness and external liaison with appropriate bodies (including the Scottish Government and Police Scotland), and involved reporting to Elected Members, the Corporate Management Team (CMT) and other Council officials.

A report on the UK's withdrawal from the EU was to have been submitted in April 2020. However, in liaison with the Chair and taking account of the impact of the COVID-19 emergency and related issues, a report was considered on 13 August 2020 instead. Since then, at the request of the committee, the Brexit Coordinator (now the Resilience Coordinator) has provided further updates in November 2020, March and September 2021 and February 2022. Subsequent to various meetings, at the request of the committee, he has provided clarification on a range of issues which has been circulated, including on the EU Settlement Scheme, funding issues and State Aid.

When the most recent report was submitted in February 2022, the committee agreed that the Resilience Coordinator should provide further information to the Clerk for circulation to Members on telephone charges, the length of time the temporary Fuel Poverty Worker had been appointed for, and to what extent the Shared Prosperity Fund would replace EU structural funding. Otherwise the report and related comments made were noted.

### **Note 3 (Audit Scotland COVID-19 Guide for Audit and Risk Committees)**

In September 2020, the committee agreed that a report on issues raised in the new *COVID-19 Guide for Audit and Risk Committees*, published by Audit Scotland in August 2020, be prepared for its meeting in November 2020. The Guide posed questions to assist auditors and public bodies effectively scrutinise and provide challenge in key areas requiring

additional focus at present, categorising these under the headings of internal control and assurance; financial management and reporting; governance; and risk management.

When feedback and comments on these issues were submitted in November 2020, the committee agreed that a further update be provided around March or April 2021, and that the Clerk should liaise with members of the committee to ascertain the specific issues on which feedback and further assurances were to be sought by exception. It was noted that the Performance and Audit Committee of the Integration Joint Board (IJB) had also been considering issues raised within the Guide.

On 18 March 2021, the Chair reported he had sought and received confirmation that the feedback dated November 2020 on changes to internal controls required due to COVID-19 remained current. Taking account of this and other information the committee already had access to, including reports on risk and Internal Audit's work, it was noted that no other issues had been identified by members of the Committee that they wished followed up at that stage; noted that it remained an option to seek further updates on specific issues at any point; and agreed that it might be useful to review the position later in 2021, perhaps in late summer, to pick up any issues that may be raised from the year end Accounts process or transition to the "new normal" working arrangements which it was hoped would start to be introduced by then.

Thus far no issues have been identified by members of the Committee that they wish followed up further, taking account of other information available to them, such as the reports being submitted to the Council on COVID-19 issues. On 25 November 2021 the Chair highlighted, and it was noted, that it remains an option to seek further updates on specific issues at any point through either the Chair or Clerk.

#### **Note 4 (Meeting Dates)**

The dates of some meetings of the Committee were subject to approval of the calendar of meetings by the Council in June 2021 and the position on other issues. The meeting on 18 November was rescheduled to 25 November to allow reports on the 2020/21 Annual Accounts for the Council's Charitable Trusts and External Audit International Standard on Auditing 260 Report; and the 2020/21 Annual Accounts and Draft Annual Audit Report for East Renfrewshire Council to be considered then, following which they were submitted to the full Council. This met the External Auditor's revised requirements regarding the signing of the 2020/21 Annual Accounts by the end of November 2021.

When the 2022 calendar of meetings was approved, it was agreed that meetings of the Committee prior to the local government Elections in May 2022 would take place on 20 January, 17 February and 7 April 2022. The Work Plan now reflects the final dates of meetings approved by the Council.

#### **Note 5 (Cabinet Responses to Audit and Scrutiny Committee Investigations on Income Generation and Commercialisation; and Climate Change)**

Following submission of the report on the committee's investigation on *Income Generation and Commercialisation* to the Cabinet on 5 December 2019, and a slight delay due to the impact of COVID-19, a response to the report was approved by the Cabinet on 24 September 2020. It reflected that all 12 of the committee's recommendations had been agreed and that, despite the challenges of dealing with COVID-19 related issues, work had been started in many of the areas with future work planned in due course.

The final report on the committee's investigation on *Climate Change* was completed early in 2020 but, also due to COVID-19, its submission to the Cabinet was delayed to 13 August. The committee had made 24 recommendations, a key one being that the Council's strategy

on climate change be renewed. As the recommendations had been known for some time, the Cabinet considered a report, in response, by the Director of Environment at the same meeting outlining a proposed approach for the development of a Climate Change Strategy and Action Plan, particularly in view of the recommendations made by the Committee.

In November 2020, having noted the responses approved by the Cabinet to both investigations, including the extent to which the recommendations had been accepted, the committee agreed that reports be submitted on progress on implementation of the recommendations accepted by the Cabinet as part of the committee's 2021/22 Work Plan.

As scheduled, the updates were considered by the committee on 20 January 2022. Regarding the *Income Generation and Commercialisation* investigation, the committee agreed that further clarification be sought, for circulation by the Clerk, on issues raised at the meeting regarding Recommendations 1, 2, 3, 4, 6, 7, 10 and 11 of the report, and otherwise noted the report and related comments made. Regarding the *Climate Change* investigation, the committee agreed that the Head of Environment (Strategic Services) seek and provide further clarification to the Clerk for circulation to members of the Committee on issues raised at the meeting on public transport and the environmental measures to be installed in the new Eastwood Leisure Complex and what its carbon dioxide emissions would be compared to the current facility. Otherwise, the report and related comments made were noted.

**Note 6 (Audit and Scrutiny Committee Self-Evaluation and Summary of Work Undertaken Since 2017)**

In April 2021 the committee agreed, as has been the case in the past, that prior to the local government Elections in 2022 a short, focussed report be prepared overviewing work the Committee has undertaken during the current Administration; and that a further self-evaluation exercise be completed. As scheduled, drafts have been submitted to the committee for consideration on 7 April 2022. Self-evaluations are considered useful, such as for analysing performance, enhancing practices and identifying how the committee can support the work of the Internal Audit service for example, but the committee's view remains that progressing these as frequently as annually is neither necessary nor an efficient use of its limited time and resources.

**Note 7 (External Audit Reports)**

The External Auditor confirmed that a number of reports, briefings etc. were due to be published in the first few months of 2022, such as the financial overview of local government 2021/22. It was highlighted in January that, subject to when they were published and the content, they might be circulated if there was sufficient time for feedback to be sought for submission to the committee prior to the local government Elections. The most recent reports published will be the subject of reports to the committee following the Elections as part of its 2022/23 Work Plan.

**Note 8 (Council Website/Communications with the Public)**

In August 2019 the committee agreed to review the issue of the Council Website/Communications with the Public once the Council's new website, which was at that time in the latter stages of development, had been operational for a given period of time. The matter was considered to be a low priority for review.

It was also agreed, prior to considering further when such a review may be appropriate, that in the interim a demonstration of the new website be organised for Elected Members to provide an opportunity for questions to be asked about it and its capabilities. The situation regarding COVID-19 resulted in the launch of the new website being postponed until 7 July 2020, with further improvements having been made to it since then.

In consultation with the Chair, taking into consideration when a range of issues were scheduled to be considered by the committee, it was agreed that a presentation on the website should be made at its meeting on 21 January 2021. Arrangements were made to enable other Members of the Council to view it if they wished. The committee noted the presentation and that any further comments or feedback on the website could be sent to the Communications Manager for consideration. Discussions on progressing any more detailed work are outstanding as of April 2022.

**Note 9 (Graffiti Removal and Fly-tipping)**

In August 2019 the committee agreed to review (1) graffiti removal; and (2) fly-tipping as medium priority issues. In the first instance it was agreed to undertake site visit(s) in the latter half of 2019/20 to gather information on the latest procedures and equipment being used for this by the Environment Department. However, subsequently, it was suggested that seeking briefings on these issues could be sufficient, at least at that stage.

Taking account of issues relating to COVID-19 and to allow the Environment Department to prioritise matters relating to that, briefings were not requested from the Head of Environment (Operations) until the end of July 2020. They were circulated on receipt in September 2020, at which time Members were invited to advise the Clerk if they wished to pursue any issues at that stage. No issues were identified at that time. Discussions on any more detailed work to be progressed are outstanding as of April 2022.

**Note 10 (Schools Admission Policy and Education Appeals System)**

As agreed in August 2019, the former Director of Education was advised then of the committee's concerns on the potential implications of the proposal under consideration by the Scottish Government to transfer administration of the education appeals system from local authority control to the Scottish Tribunals System. This was to allow her to consider the views expressed when formulating responses to any related consultation. She was also advised of concerns expressed at the meeting on the current criteria for approving school placing requests, specifically the impact the approach had on some East Renfrewshire resident families in terms of siblings not necessarily being able to access the same school when catchment areas are altered.

At the same meeting, the committee agreed that the Education Appeals System was a low priority issue for review, but that the appeals process would continue to be monitored over the next two academic years to ascertain the impact of implementing any changes made to the national education appeals system, and that the committee would consider in 2021/22 any modifications to the appeals process that may be required to improve the focus on customers, including if there was considered to be a need for any representations to be made at a national level. It was noted that this issue would be revisited in due course such as when the committee's 2021/22 Work Plan was considered.

In the interim, it was agreed as part of the committee's 2019/20 Work Plan that a presentation be made to it on the admission policy and the appeals system. That presentation was made and noted in November 2019. Discussions on any more detailed work to be progressed are outstanding as of April 2022.

**Note 11 (Early Years Provision Policy)**

In August 2019 the committee agreed that the new Early Years Provision policy was a low priority for review and that it, including the financial implications of it, be considered for review in the 2022/23 financial year, following completion of the current roll-out of the provision. This review may be considered as part of the committee's 2022/23 Work Plan.

**East Renfrewshire Council**  
**Audit and Scrutiny Committee**

**Report on activity 2017-22 (*Draft*)**

**Foreword by Chair**

*Text to be finalised*

*Clr Stewart Miller*  
Chair of Audit and Scrutiny Committee  
March 2022

*Photo of Chair/signature to be added*



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## 1. The Committee's Remit and Work Programme - Overview

Good internal scrutiny plays an important role in demonstrating good governance and ensuring public confidence in Scotland's councils. An essential part of Elected Member scrutiny at East Renfrewshire Council is seen in the work of the Audit and Scrutiny Committee. In line with good practice, it is chaired by a member of the Opposition and its membership, which comprises 7 Members, is cross-party in nature. The Vice-Chair is also an Opposition Member.

The Audit and Scrutiny Committee was established in 1999 (originally as the Audit Committee) to examine the Council's performance across a wide range of activities with the ultimate aim of improving service delivery to its citizens. The Committee has a wide remit which includes helping to ensure the Council's governance arrangements are operating effectively, scrutiny and promotion of internal controls and discussing internal and external audit issues, as well as considering more traditional 'audit' functions, through all of which it focuses on both financial and non-financial issues and performance. The Committee may also investigate processes by which policy decisions have been taken, the substance of any particular policy and how it fits in with the overall objectives of the Council, and effectiveness of policy implementation.

The Committee also acts as a counterbalance in respect of some executive decisions made by the Cabinet which have been "called in". Calling in is a formal procedure which is invoked when five Councillors request a review of a Cabinet decision, usually one that has been considered contentious in some way, prior to it being implemented. Some called in decisions are referred to the full Council, but those referred to the Committee are then considered by it at an early date and a course of action recommended. This can be to proceed as planned by the Cabinet or to recommend a different approach.

To a significant extent, the Committee determines its own workload, but there are various externally and internally generated issues to which the Committee must attend. As for the other aspects of its work, these are detailed in the Committee's Terms of Reference which can be viewed in the Council's [Scheme of Administration](#).

The Committee has exercised more detailed scrutiny over a wide range of topics since 2017 including the use of external consultants, payment of invoices, income generation and commercialisation, climate change, absence management, risk matters and the implications for the Council of the UK leaving the European Union, on some of which it has received regular reports. Full Minutes of the proceedings of the Committee are publicly available on the Council's website ([Search for Meeting Papers and Minutes](#)) and summaries of issues discussed by the Committee since May 2017 are also available there ([link to be added](#)).

In order to build expertise and manage workload effectively, the Committee operates 'specialisation' arrangements whereby its Members, working in pairs, focus on specific service areas, reviewing External and some Internal Audit reports and related action plans in detail for example, in discussion with officers as appropriate.

The service portfolios were reviewed in 2018, the current ones held by members of the Committee being as set out below:

<b>Service specialism</b>	<b>Members</b>
Reports with Council-Wide Focus	Cllr Stewart Miller Cllr Barbara Grant
Chief Executive's Office	Cllr Angela Convery Cllr Annette Ireland
Business Operations and Partnerships Issues (formerly <i>Corporate and Community Services</i> )	Cllr J McLean Cllr J Swift
Education Issues	Cllr J McLean Cllr J Swift
Environment Issues	Cllr Stewart Miller Cllr Barbara Grant
Health and Social Care Partnership Issues (previously <i>Community Health and Care Partnership</i> )	Cllr Angela Convery Cllr Charlie Gilbert

Reports on corporate responsibilities cutting across more than one department are dealt with under the service with lead responsibility for it.

An Audit of Best Value in East Renfrewshire Council took place in 2017, the overall outcome of which was very positive. One recommendation made was that Elected Members should take a more transparent and active role in scrutiny. Progress made on this subsequently included the delivery of a new programme of essential scrutiny skills training for Elected Members, including members of the Committee, which is commented on further later. A Scrutiny and Evaluation Officer was also appointed in 2019 who was in post for one year whose remit included supporting the Committee to undertake reviews of issues it agreed to pursue itself.

In advance of supporting two such reviews, that officer supported the preparation of a *Guide to Scrutiny and Review*, within the overall context of Best Value. It included advice on good practice, what could be within and outwith 'scope' for scrutiny reviews, questioning techniques, and selection and rejection criteria for reviews. Following approval by the Committee and subsequently the full Council, the *Guide* was distributed widely, including to all committees and Elected Members.

The *Guide* proposed the development of annual work plans for the Committee which have been prepared since 2019/20. These documents, which include reference to recurring reports and on which progress is reviewed, can evolve further over time. Importantly, they assist the Committee to schedule and prioritise work, and provide transparency, openness and evidence of the Council's ongoing commitment to demonstrating Best Value and continuous improvement in the interests of local residents, customers and service users.

A further recent development is that, since January 2019, the Head of Accountancy (Chief Financial Officer) has attended meetings of the Committee as an advisor, which has also provided a useful link to the Corporate Management Team.

The remainder of this report provides a further summary of work the Committee has progressed since 2017 and a flavour of the wide ranging activity it has been involved in since then.

## 2. Corporate Governance

A key aspect of the Committee's work is considering the Council's corporate governance arrangements. Each year, the Committee has continued to consider and approve the Council's Code of Corporate Governance annual updates in line with the national framework for *Delivering Good Governance in Local Government* and its seven principles of good governance and related requirements. When scrutinising these reports, the Committee raised and discussed a range of related issues including stakeholder engagement, fraud and integrity issues and the timescale for the production of the Climate Change Strategy and Action Plan.

Other governance related issues the Committee has continued to discuss regularly, providing assurances and in support of the Annual Governance Statement, include reports on treasury management, the Strategic Risk Register and risk progress, the Annual Audit Report and Accounts, and various Internal and External Audit Reports, some of which are explored further later in this report.

The local government landscape continues to be complex, such as due to partnerships and the use of Arm's Length External Organisations (ALEOs). Regarding the latter, the Committee approved the deletion of an audit of the operation of the East Renfrewshire Culture and Leisure Trust from the 2019/20 Internal Audit Plan, as a Best Value review of the Trust was to be progressed. Between 2019 and 2021 the Committee received reports on the scope and timeline of that work, the recommendations made and also a related update which referred to the impact of the COVID-19 pandemic on their implementation.

The Vice-Chair of the Committee has continued to be a co-opted member of the Health and Social Care Partnership Integration Joint Board Audit and Performance Committee.

## 3. Risk Management

Another key function of the Committee is to scrutinise and support effective risk management arrangements across the Council. Biannually the Committee has continued to review reports on the Council's Strategic Risk Register (SRR) and general progress on risk management. The Committee's recommendations and decisions on these have included:

- seeking further clarification on the risk added to the SRR on poor environmental performance in implementing climate change mitigation adaptation measures (August 2018);
- agreeing that comments made by its Members on various issues, including the risk of failing to deliver 1,140 hours of free early learning and childcare by August 2020, be fed back to appropriate senior officers (March 2019);
- raising concerns regarding the risk score on reduced central government funding which had been lowered to medium (September 2019);
- seeking further information on why a risk on charging for the instrumental music service had been removed from the SRR (September 2020); and
- requesting that the wording of a risk on key care providers be reviewed in the interests of clarity (September 2021).

The Committee is also made aware of risk related matters through some other items it considers, such as by External Audit of the risk analysis it undertakes to help determine its Annual Audit Plan and that such an approach is also taken regarding the Internal Audit Plan.

#### 4. External Audit and Annual Accounts

External Audit has continued to support the Council and the work of the Committee during the past 5 years. Each spring the Committee has considered the External Auditor's Annual Plan which summarises planned audit activity at the Council. The Council's Annual Accounts are also considered by the Committee every autumn, together with the associated Annual Report to the Council prepared by External Audit (prior to their submission to the Council). It is established practice for the External Auditor to discuss with the Committee issues relating to the Accounts prior to their certification based on International Standard on Auditing 260 (ISA 260). Due to COVID-19 these issues were considered in November in 2020 and 2021, rather than September, in line with a revised timetable set by the External Auditor.

The opportunity to review all local and various national External Audit reports and, in particular, to receive and discuss the feedback the Committee proactively requests from management on how well placed the Council is regarding the recommendations in them and how issues raised are being addressed locally, continues to be highly valued by the Committee. A good example is the Accounts Commission's annual *Overview of Local Government in Scotland* which the Committee reviews annually in conjunction with a report collating comments from across the Council and HSCP on the findings.

The Committee always seeks non-ambiguous, clear and transparent feedback from management on reports, including External Audit ones, which help it consider performance issues for example which is regarded essential to effective scrutiny. Although all members of the Committee see the reports and management feedback, under its 'specialisation' arrangements, different Members focus on specific service areas, reviewing relevant reports and related action plans in detail and in discussion with officers as appropriate.

Candid and important reports considered by the Committee each year include one prepared by the local External Auditor on the findings of its review of internal controls in key financial systems tests. An example of a report, considered in 2017, on which further action was taken, was the 2016/17 Local Interim Audit Report which referred to an issue on invoice payments. The Committee sought updates over time on how the issue was addressed and improvements delivered.

The wide range of important External Audit reports and related management feedback considered by the Committee between 2017 and 2022 has included those on:

- Equal Pay in Scottish Councils (November 2017), on which further information was sought on the gender balance of the Council's workforce and any equal pay issues that remained to be resolved;
- Self-Directed Support (SDS)(January 2018), on which further statistical information was requested, as was a further report on future SDS development activity which the Committee considered in 2021;

- The UK's Withdrawal from the European Union (February 2019), in relation to which a series of reports were requested over time and considered up to and including February 2022 and on which a range of discussions took place and clarification was sought such as on the EU Settlement Scheme, costs and contract issues; and
- The Scottish Government's Affordable Housing Supply Target (September 2020), on which a further report was requested and submitted subsequently in 2021 regarding the challenges involved in delivering social housing in East Renfrewshire.

## 5. External Inspection Reports

In line with its work on External Audit issues, the Committee has continued to request updates on various inspection reports prepared by external organisations about Council Services (e.g. the Care Inspectorate). These are dealt with outwith its formal meetings, but generally under its specialisation arrangements. Members have the option to raise matters, by exception, including at formal meetings if necessary.

## 6. Internal Audit

The Audit and Scrutiny Committee values and has commended the high quality work of the Council's Internal Audit team. The performance of Internal Audit has also been commented on by External Audit, such as through their annual reports considering internal audit arrangements. The Committee has received several reports since 2017 on the section's compliance with *Public Sector Internal Audit Standards (PSIAS)*, which is very high, and approved the latest version of the *Internal Audit Charter* (required under PSIAS) in June 2018, which defines the Council's internal audit activities in the context of purpose, authority and responsibility and the scope of activities undertaken.

The Committee values considering the Internal Audit Annual Plan each spring followed by related progress reports submitted throughout the year. Through these, it can discuss and request further clarification on topics as required. Additional detail provided in these reports since 2018, on the findings of individual audits and on acceptance of related recommendations, has been welcomed. As was the case for External Audit, the pandemic impacted significantly on the Internal Audit work that could be carried out and consequently the Committee approved changes to Internal Audit Plans as required. A further important annual task is to consider the Internal Audit Annual Report in late summer, following which the Committee submits a report to the Council seeking approval of the Internal Audit Annual Statement on the Adequacy and Effectiveness of the Governance, Risk Management and Internal Control Systems of the Council.

Arising from discussions on the findings of Internal Audit work, examples of issues pursued by the Committee since 2017 include:

- Reviewing a report on Creditors and the associated management plan (June 2017); and

- Seeking confirmation on processes to demonstrate that all purchases of £50,000 and above had been certified by procurement in advance to comply with the Council's Contract Standing Orders (September 2021)

## 7. Anti-Fraud Activity

The Committee has continued to consider various reports on fraud, including ones on the National Fraud Initiative and External Audit reports focussing on fraud and irregularity and related issues. Further action taken has included requesting examples of the types of fraud that can occur regarding civic and taxi licensing. The Chief Auditor also alerts the Committee to fraud and potential fraud issues, some of which have been reported through the Council whistleblowing hotline, such as when presenting her regular Internal Audit progress reports.

Arising from a review of the Code of Corporate Governance, it was identified that an annual fraud statement should be prepared and submitted to the Committee. The Committee has received such reports since 2019, starting with the East Renfrewshire Council Annual Fraud Statement 2019/20. Such reports have provided the Committee with an overview of measures in place across the Council to address anti-fraud, bribery and theft; refer to the management of the risk of fraud and corruption; provide updates on action taken where appropriate; and comment on the Committee's scrutiny role in relation to the application of the Anti-Fraud, Bribery and Theft Strategy. One issue raised during discussion was a few cases of suspected fraud examined in relation to the business grants made available linked to the COVID-19 pandemic.

## 8. In-depth Work by the Committee

Periodically topics are identified by the Committee which it considers require further exploration by its own members. Typically this more in-depth, analytical and time-consuming work results in the Committee producing detailed reports on the topics, including comments and/or recommendations to be considered and taken forward by the Cabinet or CMT as considered appropriate. The appointment of the Scrutiny and Evaluation Officer, referred to previously, provided more scope to schedule such work than would have been the case otherwise. The Committee's Work Plans also include reference to these and the timescales to progress them. Two such pieces of work undertaken in 2019 and 2020 are referred to below:

### Income Generation and Commercialisation

In December 2019 the Cabinet considered the Committee's report on its [Investigation on Income Generation and Commercialisation](#) which was progressed between July and October 2019 and finalised that November. The Committee considered this work to have potential to generate new income streams; contribute to achieving savings targets; help meet the strategic priority areas of the Community Plan; and help deliver the Council's corporate plan 'Vision for the Future'. Other potential benefits were considered to include demonstrating financial responsibility; helping to deliver Best Value; and sustaining/improving service levels.

In total, 12 recommendations were made by the Committee, a key one being that a new policy on commercialisation be established, supported by a cross-departmental team with expertise



to implement the key recommendations of the policy and an associated action plan. Having agreed to support the recommendations in principle, the Cabinet approved a formal response in September 2020 which reflected that all 12 recommendations had been agreed. Despite the challenges of dealing with COVID-19, work had been started in many areas, with future work planned. The Committee noted progress at that stage and a subsequent [Update on the Implementation of the Recommendations](#) in January 2022, agreeing then also to seek further clarification on several issues, including discussions on the new policy on commercialisation and strengthening links with Young Enterprise Scotland based in Rouken Glen Park.

### Climate Change

Following a delay due to COVID-19, in August 2020 the Cabinet considered the Committee's report on its [Investigation on Climate Change](#) undertaken between November 2019 and February 2020. This was in support of the refreshed Environmental Sustainability Strategy and Action Plan. In total, the Committee made 24 recommendations, including that the Council's strategy on climate change be renewed, setting out the Council's future priorities with clear actions, to replace the former Climate Change Strategy and Sustainability Action Plan, and to include the involvement of children and young people in the development of the new strategy. As the Committee's findings had been known for some time due to the delay referred to above, at the same meeting the Cabinet considered a report by the Director of Environment in response. The Committee noted a detailed [Update on the Implementation of Recommendations](#) in January 2022 and agreed also to seek further clarification on some transport issues and carbon dioxide emissions from the new Eastwood Leisure Complex.

## **9. Maximising Attendance and Early Retirement/Redundancy Costs**

The Committee has scrutinised the Council's approach to maximising staff attendance over an extended period of time, recognising the importance of this issue to the organisation, including in terms of cost and service delivery to local residents. Many years ago the Committee specifically requested, and has since considered, a detailed Annual Report on this. The report includes comparative absence figures, benchmarking East Renfrewshire's performance against other councils, and comments on a wide range of related issues including support and wellness programmes offered to staff. The Committee considers these reports valuable, discussions recently having included ones on stress issues associated with COVID-19. It supports the range of approaches being taken to reduce absence levels across the Council.

Annually, the Committee also considers a report summarising the position on early retirement/redundancy costs for the previous financial year and related issues, including the total costs incurred and projected savings associated with these.

## **10. Other Specific issues**

Periodically the Committee seeks clarification or pursues further discussions and reports on specific issues, examples of which are provided in this section of the report.

### Glasgow City Deal

In January 2018, the Committee sought a report on issues relating to the allocation of responsibilities to staff, adherence to related procedures and associated pay issues in East Renfrewshire Council in relation to the Glasgow City Region City Deal. The report prepared was submitted and discussed in April that year. Subsequently in 2020, following the publication of a National External Audit Report on *Scotland's City Region and Growth Deals*, the local position on the City Deal at that stage was also discussed.

### Assessment of Winter Maintenance Arrangements

Later in 2018, the Committee sought and received a report on road gritting and the future delivery of the service. Issues discussed included how the Council had coped well during particularly adverse weather conditions earlier that year, public expectations regarding winter maintenance arrangements, and proposals to review the regime as areas for potential improvement were to be explored. The receipt of both compliments and complaints on the service were amongst issues discussed, during which some suggestions were made by members of the Committee, such as on grit bins and accessing good, long-range weather forecast models. Members were invited to submit any further comments they had to the Head of Environment (Strategic Services) during the on-going review.

### Rationalisation of Council Properties

The Committee sought and received a report on the rationalisation of Council property and buildings, including work being undertaken on this, the value of some significant properties, and the adoption of a corporate landlord approach. The report also referred to work undertaken to develop options regarding the development of an accommodation strategy on the retention, disposal and use of some properties on which the Director of Environment had submitted a report to the Council in October 2018. During discussion, members of the Committee commented and made suggestions to the Head of Environment (Strategic Services) on Capelrig House, the Lygates building, the Dickie Building and Clarkston Social Work Office amongst others which he undertook to consider further.

### Consultancy Costs

Arising from the discussions above, the Director of Environment was invited to attend a meeting in 2019 to discuss issues regarding consultation reports commissioned and prepared on accommodation issues, specifically in relation to the leisure centre consultation but also related matters regarding such reports raised by the Committee. More generally, the Committee also opted to consider expenditure on external consultants and feasibility studies across departments, the reasons for doing so, and which consultants had been used, in the first instance reviewing work carried out on this by the Committee during the previous Administration. Ultimately the Committee agreed in June 2020 to review annually the Consultancy Log established by the Council, after the end of each financial year, to allow it to raise and seek clarification on issues as required.

## Schools Admission Policy and Education Appeals System

In August 2019, the Director of Education was advised of the Committee's concerns on the potential implications of the proposal under consideration by the Scottish Government to transfer administration of the education appeals system from local authority control to the Scottish Tribunals System. The committee agreed this was a low priority issue for review, to monitor the position and to consider in 2021/22 any modifications to the process that may be required to improve the focus on customers, including if there was felt to be a need for representations to be made at a national level. In the interim, it requested and received a presentation on the admission policy and appeals system in 2019. As reflected in the 2021/22 Work Plan, the Committee did not have time to revisit the issue.

### **11. Call-in and Related Issues**

As already highlighted, a key scrutiny function of the Committee is considering decisions taken by the Council's Cabinet that have been "called in" and referred to it for review.

Only one call in issue was dealt with by the Committee between 2017 and 2022, when a decision made by the Cabinet on Woodfarm Educational Trust was discussed in January 2019. The Cabinet had agreed to bring forward the date when ownership of Woodfarm Educational Centre reverted to the Trust in exchange for a payment and a standard security to secure the future use of the premises as a multicultural centre, and to secure an uplift in value which would be payable to the Council in the event of a future change of use. The matter was referred for further scrutiny on the grounds the proposal did not represent Best Value, the alternative proposal being to retain the existing arrangements.

The Committee agreed to accept the Cabinet decision, but various issues were discussed and assurances sought first, including on the statutory duty that falls to Councils to secure Best Value when disposing and letting property, the valuation of the property, and the benefits of the Trust having ownership of rather than leasing the property.

### **12. Training**

During 2017/18 a range of training and development opportunities were made available to all Members as part of the induction programme arranged for all those elected to the Council in 2017. Linked to that and the Best Value Assurance Review recommendation that Elected Members should take a more transparent and active role in scrutiny, a programme of essential scrutiny skills training was also offered and promoted, including to those serving on the Committee. This included training on essential scrutiny skills, risk management and treasury management. A session was also arranged on the roles of Internal and External Audit. Arising from a recent self-assessment, the current Committee encourages those serving on it in future to take full advantage of such opportunities to help the Committee work effectively.

### 13. Committee Self-Evaluation and Review

The Committee aims to ensure it performs a valuable scrutiny function within the Council and has therefore completed a self-evaluation periodically, including in late 2021/early 2022. It also welcomed the opportunity to reflect on and summarise the work it has undertaken during the current Administration in this report for the benefit of people both within and outwith the Council, including those to be appointed to the Committee following the 2022 local government Elections.

For the most recent review, instead of using a self-assessment tool developed by the Audit Committee Institute (ACI) as had been done in 2012 and 2017, tools made available by the Chartered Institute of Public Finance and Accountancy (CIPFA) were used on what is accepted as best practice for local authority audit committees. More specifically, 3 templates within the CIPFA *Practical Guidance on Audit Committees for Local Authorities and Police* (2018) were used and the focus of discussions as listed below:

- *Knowledge and Skills framework*, which focussed on core areas of knowledge; specialist areas of knowledge; and core skills;
- *Good Practice Self-Assessment*, which focussed on the extent to which there is compliance with principles set out in the CIPFA Guidance; and
- *Evaluation of Effectiveness Checklist*, to help the committee determine where it is most effective or scope exists to do things differently.

Discussions were pursued during January and February 2022. On the basis of the outcome of the self-evaluation, a list of observations and recommendations on matters where room for some improvement is considered to exist in the Committee's view, listed under various headings, has been prepared to pass on to those appointed to the new Committee and others as considered appropriate. The committee approved the final list on 7 April 2022.

### 14. COVID-19

Finally, reference has already been made to how COVID-19 impacted on various aspects of the Committee's work. Following the start of the COVID related lock down in March 2020 which led to the cancellation of various formal meetings, the Committee was amongst the first to be reconvened virtually using Teams prior to the summer recess that year. It continued to meet virtually after that, with some meeting dates rescheduled as required. Recordings of those meetings are available on the Council's YouTube Channel.

Following the publication by Audit Scotland in August 2019 of its *COVID-19 Scrutiny Guide for Audit and Risk Committees*, the Committee requested and received various comments on issues raised in the Guide from the Corporate Management Team on how the Council responded to the pandemic. Taking account of other updates Elected Members receive on COVID-19, such as at Council meetings and otherwise, a formal update was not requested, but it always remained an option for the Committee to request feedback on any issue by exception.

**15. Conclusion**

The pandemic was amongst issues that impacted on the Committee being able to review everything it might have wished to review prior to the forthcoming Elections. However, although some issues remained outstanding at the time of its final meeting on 7 April, overall a lot is considered to have been achieved in the past five years.

The Committee thanks all officers within the Council and the External Auditor who have contributed to its work over the past 5 years.

**Current Audit and Scrutiny Committee Members**

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

**AUDIT AND SCRUTINY COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS**  
**ARISING FROM 2022 SELF-EVALUATION**

**GENERAL ISSUES, COMMITTEE'S TERMS OF REFERENCE AND RELATED MATTERS, INCLUDING ITS APPROACH AND UNDERSTANDING OF ITS ROLE IN THE COUNCIL**

- (1) In 2012/13, the Committee welcomed a change of name from the Audit to Audit and Scrutiny Committee which it felt better portrayed the extent of its role and its focus on both financial and non-financial matters. The Committee, meetings of which are generally well attended, still holds the view that its membership should not be extended to include an independent person. It is always an option to invite others, including other Members, to contribute to its work.
- (2) The Committee continues to value very highly its Terms of Reference, which cover a range of governance issues amongst other things. The current Committee wish to emphasise to those appointed to it following the forthcoming Elections that, although the Committee has few decision making powers other than as specified (e.g. to agree the Internal Audit Strategy and Plan), its extensive remit continues to provide scope to look at a wide range of issues of its own choosing; it does not need to be bound by what others consider appropriate; and it can speak to any appropriate officers and Members when doing so.
- (3) As the Terms of Reference have not been reviewed for many years however, it is recommended that they are to:-
  - (i) Compare them with those of similar committees in other authorities;
  - (ii) Ascertain if any issues referred to in the Chartered Institute of Public Finance and Accountancy (CIPFA) Practical Guidance for Audit Committees (LAs and Police) 2018, including the CIPFA Position Statement within it, should be referenced further or more clearly; and
  - (iii) Determine if reference should be added to reports now considered routinely (e.g. Annual Code of Corporate Governance and Annual Fraud Response Statement).

It is suggested that those appointed to the Committee in May are made aware of the 2018 Guidance referred to above.

- (4) It is considered important to stress, regarding the work of the Committee, that all of its members (whether Administration or Opposition) should **always** act in an apolitical manner; scrutinise issues objectively, independently and in a non-confrontational manner; focus on improvement; and adopt a 'critical friend' approach, in the interests of the Council as a whole.
- (5) The Committee's Terms of Reference are accessible on both the intranet and internet. The Corporate Management Team (CMT) and senior managers are regarded by the Committee as having a full understanding and acceptance of its role. However, as the extent to which the role and purpose is understood and accepted by **all** officers is not fully known, it is suggested that it could be useful to consider a survey at some stage to determine this and if any related action is required.
- (6) During the next Administration, once the new Chair has settled into the role, publishing an article on the Committee's role, as has been done in the past, could be valuable to help heighten awareness of it.

- (7) It would be useful to ensure, at the start of the Administration, that all members of the Committee are fully aware, and become familiar with, the Scheme of Administration and Scheme of Delegated Functions and, therefore, how decisions are made and by whom. Both are widely available.
- (8) In the interests of clarity, it is important to ensure that the locus of the Audit and Scrutiny Committee versus that of the Performance and Audit Committee of the Integration Joint Board (IJB) is clearly understood, especially by new Members.

### **CALL-IN ARRANGEMENTS**

- (9) It is important to ensure, very shortly after the Elections in advance of Cabinet meetings resuming, that all new Members fully understand how the call-in arrangements operate and that issues may be referred to the Audit and Scrutiny Committee or full Council.

### **LEARNING AND DEVELOPMENT AND RELATED ISSUES**

- (10) Addressing the learning and development (L&D) needs of the Committee can be challenging. The important responsibilities the Committee has underlines the importance of its Members being willing to and taking advantage of relevant training offered and other L&D development opportunities, to gain the knowledge and expertise they require. Training will be made available on a range of issues as part of the Elected Members Induction Programme and can be arranged subsequently, including in response to need or requests, on an on-line, group or individual basis as appropriate.
- (11) Regarding the extent to which detailed financial/technical expertise amongst the membership exists or is essential (which depends to an extent on who is appointed to the Committee in any case), what is felt to be most important is having access to such expertise through officers for example, which already exists.
- (12) Various issues are being identified on which induction training and briefings will be useful. Sessions of relevance to scrutiny which the Committee's membership, and other Members also, are strongly encouraged to attend include sessions on:-
  - (i) Various key issues to be led by the CMT shortly following the Elections, parts of which will, for example, focus on governance issues and provide a broad overview of financial issues, including the role of the Chief Financial Officer, funding sources and plans, and the importance of plans being prudent and affordable;
  - (ii) Effective scrutiny, which amongst other things should encourage questioning as other scrutiny training sessions are likely to do also;
  - (iii) The roles of Internal Audit and External Audit, the full scope of which may not be fully clear to new Members (the Committee suggests this should include reference to the Public Sector Internal Audit Standards (PSIAS) which members of the Committee could also be alerted to by the Clerk or Chief Auditor at an early stage);
  - (iv) Risk management; and
  - (v) Treasury management (the Committee recommends that training on this quite technical issue is organised twice during the Administration).



- (13) In view of the importance of the Committee's role, and scrutiny generally, the delivery of scrutiny training earlier than provided following the 2017 Elections is supported. Doing so, and attendance at such training, would also help raise the profile of such work and its importance amongst Members at an early stage.
- (14) It is emphasised that the attendance of all Members at the training referred to above is useful, not only because scrutiny is the responsibility of all Members, committees and the full Council, but also because the Committee's membership can change during an Administration as it did various times after the May 2017 Elections.
- (15) A knowledge and skills analysis formed part of the Committee's self-assessment which was both retrospective and forward looking. It is recommended that, in due course, members of the new Committee make use of the *Knowledge and Skills Framework* in the 2018 CIPFA Guidance referred to above, to help them evaluate their own knowledge and skills and assess if any relevant L&D needs remain to be addressed.

### **GUIDE TO SCRUTINY AND REVIEW**

- (16) To complement the above, it is recommended that the *Guide to Scrutiny and Review*, prepared in 2019 with the assistance of the Audit and Scrutiny Committee Members and approved by the Council in June that year, which was distributed widely then, should be shared with Elected Members following the Elections, including those appointed to the Committee, and be referred to and used as required.
- (17) It is suggested that promotion of the *Guide* during the effective scrutiny training session (Section 12 refers) would be valuable.

### **COMMITTEE'S ANNUAL WORK PLANS AND ANNUAL REPORT**

- (18) Although recommended by CIPFA, no Annual Report is prepared by the Committee or submitted to the Council. This has not been requested by the Council and is not considered crucial because the Committee's Minutes and Agendas are widely available (which since 2019 have included reports on its Annual Work Plan) and in view of the pressure on resources supporting the Committee.
- (19) The Committee's workload can be challenging for its Members, with the current Committee having had realistic expectations about what can be achieved with the resources at its disposal, as the new Committee should do also. Having an annual Work Plan has confirmed what has been achieved, is planned and is outstanding at any given point in time; helped the Committee prioritise its workload; and enhanced transparency on both. However, to further raise awareness of the Committee's work, it is recommended that each year a copy of the Work Plan, on its completion, should be put on the internet where the Committee's Agendas and Minutes etc. are available.
- (20) To complement the above, a copy of the report it has already been agreed to prepare, summarising the Committee's work over the past 5 years, should be shared with new members of the Committee, other Elected Members and made available on the internet.

### **DETAILED INVESTIGATIONS UNDERTAKEN BY COMMITTEE**

- (21) Some detailed review work, which the Committee itself decided to pursue, has been done, but not to a great extent taking account of the limited resources available to the Committee which need to be considered regarding the implementation of its Work Plans.

- (22) When the Committee makes recommendations following a detailed investigation (most work on which is done out with formal meetings), the Cabinet response is submitted for noting. The Committee then actively seeks feedback after a period of time on the actual implementation of the recommendations accepted by the Cabinet. It is recommended that this is always done to help the Committee monitor and assess the impact of its work.
- (23) When undertaking such investigations, but otherwise also as appropriate, the Committee could consider making better use of the Local Government Benchmarking Framework data available. This is one way of comparing performance locally with that elsewhere.

## **GOVERNANCE AND CONTROL**

- (24) To the extent the Committee is made aware of issues, it considers the adequacy of the control environment and related assurances; and assesses the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks. This is achieved such as through its consideration of risk managements reports, and other reports on corporate governance for example. The new Committee should note that it is always an option to ask further questions or make recommendations on governance issues.
- (25) The most recent External Audit Annual Audit Report (November 2021) considered by the Committee, then the full Council, confirmed that overall the Council has appropriate governance arrangements in place, therefore no concerns are held on this by the current Committee at present. Current members of the Committee are familiar with the governance arrangements, but they should be highlighted to new Members, such as through induction.
- (26) The Committee's Work Plans now help confirm timescales for considering a range of governance issues each year, including the Local Code of Corporate Governance, the Annual Governance Statement (when the Annual Accounts are considered), risk management reports and ones on treasury management to name a few examples. Although the Committee considers a range of reports on governance, risk and control, it does not tend to make many recommendations on these issues, which could be useful to consider further, but it does query some issues and seek related assurances.
- (27) The Committee receives assurances on risk issues and some such issues are taken forward by the Council in partnership or collaboration with other bodies, but there is no specific reference to partnership or other collaborative arrangements in the Committee's Terms of Reference, such as on seeking assurances that they are working effectively and that the related governance arrangements are appropriate. There has been considered to be an increase in partnership working since the Terms of Reference were first prepared and subsequently reviewed, which may be useful to reflect better in them in an appropriate way.
- (28) It is appropriate for the Committee to consider risk management as an integral part of its work. Where comments are fed back (e.g. on risk scores or related issues) from the Committee, it is not always actively checked if and exactly how they are acted upon which could be useful to pursue, possibly by seeking confirmation on this in the biannual reports submitted to the Committee on the Strategic Risk Register and Risk Management Progress.

- (29) A report on the Local Code of Corporate Governance is submitted to the Committee annually and is likely to be one of the first reports considered (probably in June 2022) prior to consideration of the Annual Governance Statement later in the year when the Annual Accounts are also considered. This will provide a useful overview of the arrangements in place. The Committee reviews the self-assessment of governance arrangements when the Code is considered, but is not actively involved in the self-assessment exercise otherwise. It is acknowledged that doing so might not necessarily alter the outcome, but it could be useful to suggest benchmarking to see what approach is taken in other areas.
- (30) There is considered to be free access to the External Auditor. However, taking account of the 2018 CIPFA Guidance, it would be useful to seek clarification if the External Auditor would value an annual meeting with the Chair and/or other Members to discuss issues of mutual interest, including corporate governance matters, and any advice the External Auditor may have for the Committee on how it discharges its responsibilities.

### **ROLE OF CHAIR AND RELATED KNOWLEDGE AND SKILLS**

- (31) It is considered useful to refer to the key role the Chair plays in driving forward the Committee's work and ensuring the effective management of its meetings. For the Audit and Scrutiny Committee, this role includes ensuring an objective and apolitical approach and focus on improvement is taken as referred to earlier; encouraging constructive discussion and questions to be posed such as to seek assurances; and encouraging Members to contribute to the formulation of its Work Plans.
- (32) It has been commented that chairing a major committee can be very challenging, especially for new Members. If the new Chair has little experience of this, it is recommended that advantage is taken of any training available.
- (33) It is useful, in the interests of clarity when, at the end of items considered by the Committee, the decisions taken are summarised by the Chair.

### **SOURCES OF GUIDANCE AND SUPPORT**

- (34) The Committee interacts regularly with various officers, including the Head of Accountancy (Chief Financial Officer) who provides a useful and important point of contact for the CMT, the Chief Auditor and the Clerk.
- (35) A range of senior officers readily attend meetings (some regularly), and it is very important that all are treated respectfully when they do. They, and others, contribute to reports and respond to related queries and have been found to be very willing to do so.
- (36) It is important to note that, out with meetings, it is always an option for members of the Committee to seek clarity on issues from officers, which is encouraged, either directly or via the Clerk.
- (37) As well as encouraging Members to seek further clarification from officers on issues out with meetings, it would also be useful to encourage Members to alert the Clerk or Chair in advance to issues they wish to raise at meetings where possible. This would help ensure that answers could be requested and made available at Committee meetings in the interests of transparency.

- (38) Inviting some officers, with whom the Committee interacts regularly, to a short informal session immediately after the first meeting, simply to introduce themselves briefly and to provide an opportunity for questions/ clarification may be useful.
- (39) Previous members of the Committee could be a useful source of guidance for new members of it, if they were willing to provide this.

#### **COMMITTEE'S SPECIALISATION ARRANGEMENTS – AUDIT REPORTS ETC.**

- (40) The Committee considers various external audit reports, internal audit ones and external inspection reports; related risk and performance issues; and management feedback under its own specialisation arrangements, which helps enable them to be considered in more detail than might otherwise be the case.
- (41) Under these arrangements, all members of the Committee see the External Audit reports and Inspection reports the Clerk has been alerted to. However, currently working in pairs, they specialise in leading the review of various ones depending on the subject matter. It may be worth considering responsibilities resting with individual members of the Committee, rather than pairs, to help ensure no dubiety exists about who is responsible for leading a review of a report or providing feedback. It is suggested that the Committee be invited to consider the general position on this at its first meeting and, subject to the outcome, specific remits at its second one.
- (42) Regarding potential questions itemised in some National External Audit reports, where these are provided it would be useful for the Clerk to highlight these further to members of the Committee when the reports are circulated. It is recommended that greater use of them is encouraged, although it remains the case that Members are always free to formulate their own questions and ask officers to attend to respond to these.
- (43) It is also recommended that the new Committee considers if they wish to invite appropriate senior officers to attend more meetings of the Committee to answer questions on External Audit issues etc. when local feedback on these is considered, at least more than at present. It has been observed that more issues tend to be raised when officers attend than is the case otherwise, and it could provide valuable opportunities for further clarification to be sought on the implementation of actions that are on-going and the timescales for doing so.
- (44) For several years the Committee has welcomed reviewing some external inspection reports prepared on Council services, considering this a welcome development and improvement. These are also considered under its specialisation arrangements and would be the subject of a report to the Committee, by exception, if felt necessary by its Members. However as receipt can be sporadic, it is not fully clear if the Clerk has been alerted to the publication of all such reports. To address this, it is suggested that it would be useful for the Clerk to send an email to departments, on a 6-monthly basis, requesting notification of all inspection reports published in the previous 6 months. This would help ensure they are all received and allow them to be reviewed more timeously.
- (45) The Committee continues to have high confidence in the Chief Auditor and her team, and has continued to adopt a risk managed approach on internal audit issues which are reported on regularly to the Committee, progressing matters by exception when it wishes to pursue specific issues. Some issues are dealt with under the Committee's specialisation arrangements. This is considered the most effective use of the Committee's limited time and resources.

- (46) It would be useful to encourage members of the Committee to return the pro-formas they are requested to complete on various reports (under its specialisation arrangements) to the Clerk sooner than they are returned at present. This would make it clearer, earlier, what further action if any is suggested by Members.

## ETHICAL ISSUES

- (47) Reference to the Ethical Framework is not specified in the Terms of Reference and the Council does not have a Standards and Ethics Committees to support ethical values with which to work, but some ethical issues are considered, such as when the Local Code of Governance is considered annually, or when reports on fraud and corruption are discussed, providing opportunities for assurances to be provided or sought. It is not suggested that there is a need to change the Committee's Terms of Reference on such issues, unless considered appropriate following a wider review of the Terms of Reference as suggested at (3) above.
- (48) It would be useful to ensure that members of the Committee, and others, are aware of the range of approaches taken by the Council on countering fraud and corruption at an early stage, such as through the induction programme (possibly as part of the session on Internal and External Audit if possible) or to ensure that Members of the Committee know, at an early stage, where to access the most recent Fraud Response Statement.
- (49) On a specific issue, it has been some time since the Committee actively promoted whistle blowing. It is felt important that people feel safe about raising concerns in this way. The new Committee may wish to consider if some further work in relation to this issue is merited, such as pursuing further related publicity (e.g. an article involving the Chair) to help raise awareness of the importance attached to addressing fraud and irregularity and promote confidence in and champion the whistle-blowing arrangements in place.
- (50) It should be noted that when information is submitted anonymously, those submitting it cannot be advised of the outcome in person, but some feedback on work taken forward may be available, including in reports prepared by the Internal Auditor.

## SCRUTINY EFFECTIVENESS

- (51) As reflected in the *Guide to Scrutiny and Review*, it is important generally for those involved in scrutiny, including members of the Committee, to ask questions and seek assurances on issues such as the implementation of action plans and the completion of such plans, and focus on how improvement can be achieved. Members do ask questions, at times more than at others, are invited to do so by the Chair when items are being considered, and are comfortable doing so, but encouraging more (framed appropriately to challenge and elicit detail), taking advantage of guidance and training available, was discussed and could be valuable.
- (52) It was acknowledged that it might not always be possible for all answers to be provided at meetings, with the provision of clarification, other feedback and assurances later considered acceptable, where necessary. During discussion, it was suggested that it might be useful, in the interests of transparency, if the Clerk submits a summary of clarification provided on issues after meetings, to the next meeting. The extent to which this might be of interest to those observing meetings is unknown.

- (53) Regarding a range of issues, including matters raised in audit reports, inspection reports and reports on risk management for example, the Committee should be encouraged to focus particularly on and seek assurances on higher risk issues. This could include seeking clarification and assurances on actions taken, and how risk scores have changed or will change as a result of actions taken for example.

#### **PERFORMANCE OF COMMITTEE - SELF-ASSESSMENT AND HOLDING COMMITTEE TO ACCOUNT ETC.**

- (54) Completing a further self-evaluation exercise recently was considered worthwhile. As in 2017, the Committee's view remains that periodic self-evaluations are useful to help analyse its own performance and allow areas for improvement to be considered. It is recommended, in the interests of good governance, that further periodic self-assessments of the Committee's own operations are undertaken, but not as frequently as annually due to its limited time and resources available for this. However, rather than only doing one review during the Administration, it is suggested that it could also be valuable to do a further one, mid-way through it.
- (55) CIPFA's views is that the Committee should be held to account regularly by the full Council as part of its governance role, with a range of issues reviewed (e.g. adherence to Terms of Reference, good practice adopted and self-assessment work done), such as if an Annual Report is submitted to the Council. No such arrangements have been established locally. It would be for the Council to determine what is appropriate, should it choose to.
- (56) Further to the comments above, irrespective of any view that might be taken by the Council, there could be merit in suggesting that some form of appropriate external perspective on the Committee's performance is considered (perhaps as part of a mid-term self-assessment). This could include seeking views from the CMT, or a peer review by a Chair of a Committee in another local authority. It is commented in Section 30 above, that a meeting with the External Auditor could be useful periodically.
- (57) Learning how Audit and Scrutiny Committees operate elsewhere, as has been done in the past (but not for some time) such as through visits from or to other areas could be useful too.

#### **COMMUNICATION**

- (58) The Committee supports the use of plain English in reports, receiving information in a format that is easy to understand and meets its needs, and definitions of all acronyms being provided.
- (59) Given its importance, communication was on a list of issues the Committee considered reviewing, but there was insufficient time and resource to do so prior to the Elections.
- (60) A view was expressed that finding Councillors' contact details, including those serving on the Committee, could be a little better presented on the Councillors' pages on the website to assist with contact. It would be useful to see if this could be addressed.