

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 22 February 2024.

Present:

Councillor Andrew Morrison (Chair)
Councillor Tony Buchanan (Vice Chair)
Councillor Paul Edlin

Councillor Annette Ireland*
Councillor David Macdonald*
Provost Mary Montague*

Councillor Morrison in the Chair

(*) indicates remote attendance

Attending:

Steven Quinn, Chief Executive; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Michelle Blair, Chief Auditor; Barbara Clark, Chief Accountant; Linda Hutchison, Clerk to the Committee; Jennifer Graham, Democratic Services Officer; Lesleyann Burns, Assistant Democratic Services Officer.

Also Attending:

Rob Jones, Ernst and Young.

Apology:

Councillor Gordon Wallace.

DECLARATIONS OF INTEREST

749. There were no declarations of interest intimated.

CHAIR'S REPORT

750. Under reference to the Minute of the meeting of 18 January 2024 (Page 726, Item 706 refers), when the Committee had agreed to explore options regarding how members of the Committee could become more actively engaged in some discussions on absenteeism and addressing it with a view to reporting back to a future meeting, Councillor Morrison reported that, following subsequent discussions, a meeting was being arranged between himself, Councillor Wallace and Councillor Ireland to represent the Committee and the Head of HR and Corporate Services and HR Manager at which various issues would be discussed.

As already requested by the Clerk on his behalf, he asked Members to provide feedback to her by 29 February on any issues they considered valuable to discuss at the forthcoming meeting.

Thereafter, Councillor Morrison advised that, in his capacity as Chair of the Committee, he had met immediately prior to the meeting with Rob Jones, External Auditor, to discuss a range of issues including budget, internal audit and external audit matters.

The Committee noted:-

- (a) that feedback from members of the Committee on issues they would consider valuable to discuss at the forthcoming meeting, between representatives of the Committee and the Head of HR and Corporate Services and HR Manager, should be sent to the Clerk by 29 February; and
- (b) otherwise, the report.

TREASURY MANAGEMENT STRATEGY 2024/25

751. Under reference to the Minute of the meeting of 18 January 2024 (Page 726, Item 705 refers), when it had been agreed to note the Interim Treasury Management Report for Quarter 3 of 2023/24 and recommend to the Council that the organisations specified in the report for investment of surplus funds be approved, the Committee considered a report by the Head of Accountancy (Chief Financial Officer) explaining that, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice 2021, the Audit & Scrutiny Committee was responsible for ensuring effective scrutiny of the Council's treasury management strategy and policies.

In accordance with that requirement, a copy of the Treasury Management Strategy Report for 2024/25 was attached to the report for consideration in advance of its submission to the Council. It was highlighted that the figures within the report had been compiled on the basis of the latest available information.

The Strategy Report included a proposal to amend treasury management practices in accordance with Annex E accompanying the report which listed organisations approved for the investment of surplus funds, in respect of which information was provided on related issues such as credit ratings and limits. It was also proposed that a policy on the repayment of loans fund advances, as specified in Section 3.4 of the report, be approved.

The Chief Accountant confirmed that the report was similar to previous years and from a borrowing or investment perspective, the approach remained as before, with the report concentrating on the Council's Borrowing and Investment Strategies, and setting out parameters that helped monitor both. To allow borrowing to be controlled, PIs had been set which monitored permissible borrowing and allowed this to be compared against actual gross debt. Having explained that the PIs had been set using the Council's 2024/25 Capital Programme, she confirmed that any movement in the Programme would affect how well the limits set could be adhered to; and that the indicators could require to be reviewed once the implications of a new Accounting standard were known in full. The Chief Accountant highlighted plans to use the Council's reserve balances temporarily rather than fully funding capital expenditure by external borrowing, this being considered prudent and cost effective taking account of falling interest rates which were forecast from the second quarter of 2024. It was confirmed that quarterly and year-end reports would be provided to the Committee.

Having clarified that it remained the case that the primary objectives of the investment strategy were security and liquidity, the Chief Accountant referred to the types of investments that could

be made as set out in Annexes C and D to the report respectively and associated risks; the proposed list of investors itemised in Annex E; and related monitoring arrangements. Reference was also made to a range of economic background information within the report which provided contextual information on the United Kingdom and global economic situation.

The Chief Accountant confirmed that she would be happy to arrange further treasury management training for Elected Members if that would be useful at any point, requests for which should be made through the Clerk.

The Committee agreed:-

- (a) **to recommend to the Council** that the Treasury Management Strategy for 2024/25 be approved, including the Prudential and Treasury Indicators and the amended list of organisations for investment of surplus funds in accordance with Annex E to the report;
- (b) **to recommend to the Council** that the policy on the repayment of loans fund advances as specified in Section 3.4 of the report be approved;
- (c) **to recommend to the Council** that the forms of investment instruments for use as permitted investments be approved in accordance with Annex C to the report; and
- (d) otherwise, to note the report.

INTERNAL AUDIT PLAN 2023/24 – IMPLEMENTATION PROGRESS – OCTOBER TO DECEMBER 2023

752. Under reference to the Minute of the meeting of 30 March 2023 (Page 459, Item 391 refers) when the Internal Audit Strategic Plan for 2023/24 to 2027/28 had been approved, the Committee considered a report by the Chief Auditor regarding progress made on the implementation of the Plan from 1 October to 31 December 2023. It was confirmed that three audits in relation to planned 2023-24 audit work had completed in Quarter 3, information on which had been provided. Details of reports which were issued as part of the 2023-24 Plan, on which responses had been received since the previous progress report had been submitted, were also provided.

Reference was made to the quarterly performance indicators (PIs) for the section. On the basis of the current resources within the section, it was proposed that eight audits be deleted from the 2023/24 Plan, and that most of these be deferred to 2024/25 or reconsidered as part of future audit plans. It was reported that one of the vacant posts within the section had been filled, with action being taken to fill the remaining post which would increase the available audit dates in 2024/25. It was confirmed that there had been no new requests for assistance dealt with using contingency time.

The Chief Auditor referred to key aspects of the report, during which she confirmed that one of the three reports issued in the quarter was a follow-up report on Environment Department audits which had already been circulated to members of the Committee. During further discussion on the Follow Up report, Members proposed that further feedback be sought from the Environment Department on the maintenance of any private land by the Council, including the accuracy of the estimated costs of this and capacity in future to review the contracts concerned.

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Thereafter, in response to Councillor Macdonald, the Chief Auditor confirmed that many of the audits it was proposed to delete from the 2023/24 Audit Plan would be covered as part of the 2024/25 Plan, explained the reasons for deferring most, and clarified that it was proposed to delete the grant certification audit entirely due to the fact the certification work was no longer required.

The Committee agreed:-

- (a) to approve the amended Internal Audit Strategic Plan for 2023/24;
- (b) that the Clerk seek further feedback from the Environment Department in relation to the recommendation made on maintenance of private land referred to in the Environment Department Follow-up Audit report, including the accuracy of the estimated costs of this and capacity in future to review the contracts concerned; and
- (c) otherwise, to note the report and related comments made.

CHAIR