

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

**Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 26 September 2024.**

**Present:**

Councillor Andrew Morrison (Chair)  
Councillor Tony Buchanan  
Councillor Paul Edlin  
Councillor Annette Ireland \*

Councillor David Macdonald \*  
Provost Mary Montague \*  
Councillor Gordon Wallace

Councillor Morrison in the Chair

(\*) indicates remote attendance

**Attending:**

Steven Quinn, Chief Executive; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Louise Pringle, Director of Business Operations and Partnerships \*; Lesley Bairden, Head of Finance and Resources, HSPC; Sharon Dick, Head of HR and Corporate Services; Barbara Clark, Chief Accountant; Kath McCormack, HR Manager; Michelle Blair, Chief Auditor; Anthony Jenkins, Resilience Coordinator; Linda Hutchison, Clerk to the Committee; and Lesleyann Burns, Assistant Democratic Services Officer.

**Also Attending:**

Rob Jones and Grace Scanlin, Ernst and Young.

**INTRODUCTORY REMARKS**

**958.** Referring to the forthcoming retirement of the Head of Accountancy (Chief Financial Officer), Councillor Morrison thanked her for her contribution to the Committee's work over many years, including the support she had provided to him in his role as Chair.

In advance of the Committee's consideration of the Annual Accounts, Councillor Morrison also thanked all those involved in their preparation, including the Head of Accountancy (Chief Financial Officer), the Chief Accountant and her team, and the Council's External Auditors.

**DECLARATIONS OF INTEREST**

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

**CHAIR'S REPORT – EXTERNAL AUDIT ISSUES**

**960.** Under reference to the Minute of the Meeting of 8 August 2024 (Page 905, Item 905 refers), when it had been noted that the Chair was scheduled to have a further routine meeting with Mr Jones of the External Audit team on 20 August, Councillor Morrison reported that issues discussed had included general local government sector updates, governance issues, and progress on the audit of the Accounts and related issues.

The Committee noted the report.

**2023/24 ANNUAL ACCOUNTS FOR THE COUNCIL'S CHARITABLE TRUSTS**

**961.** Under reference to the Minute of the meeting of 20 June 2024 (Page 884, Item 879 refers), when the Committee had noted the unaudited Annual Accounts for 2023/24 and that a report on the final Accounts for the Council's charitable trusts and related documents would be submitted to a future meeting, the Committee considered a report by the Head of Accountancy (Chief Financial Officer) regarding the amalgamated 2023/24 Annual Accounts for the six charitable trusts for which the Council acted as Trustee, and submitting a copy for consideration. A copy of a related Independent Examiner's Report was included.

The Chief Accountant clarified that, in February 2024, Audit Scotland had published updated guidance on the audit requirements for charity accounts, in accordance with which the Council had appointed an external trustee, removing the requirement to obtain a costly full International Standard on Auditing (ISA) compliant audit. Instead, the Accounts had been independently examined by South Ayrshire Council's Internal Audit Team, with no material concerns having been identified.

In response to Councillor Ireland, the Chief Accountant confirmed that information was available on the Council's website regarding the Netherlee School 1937 Endowment Trust and that its Trustees, including the school Head Teacher, determined to whom funds were awarded. In reply to Councillor Edlin, she explained that the possibility of the Provost's Community Defibrillator Fund becoming a charitable trust could be explored.

The Committee agreed to:-

- (a) note that it would be explored if the Provost's Community Defibrillator Fund could become a Charitable Trust;
- (b) note the amalgamated 2023/24 Annual Accounts for the six charitable trusts for which the Council acted as Trustee, including the Independent Examiner's Report; and
- (c) remit the report to the Council for consideration.

**2023/24 ANNUAL ACCOUNTS AND DRAFT ANNUAL AUDIT REPORT FOR EAST RENFREWSHIRE COUNCIL**

**962.** Under reference to the Minute of the meeting of 20 June 2024 (Page 884, Item 879 refers), when the Committee had noted the unaudited Annual Accounts for 2023/24 and that a report on the final Accounts and related documents would be submitted to a future meeting, the Committee considered a report by the Head of Accountancy (Chief Financial Officer) regarding the Annual Accounts for 2023/24; the associated draft Annual Audit Report prepared by the External Auditor which provided an overview of the main issues arising from the 2023/24 audit and would be issued in final form after the financial statements had been certified; and the associated Letter of Representation from the Council to the External Auditor.

The Council had received an audit certificate which was unqualified. It had operated within its operational budget, returning departmental surpluses totalling £6.844m due mainly to various one-off variances, including improved income of £2.5m; a £2.7m recovery from HMRC relating to a successful VAT appeal and various underspends. These had been partly offset by various items, including increased homelessness pressures.

Transfers totalling £6.2m had been made to various specific reserves, with £0.644m retained in the non-earmarked reserve resulting in a closing balance of £7.302m. This equated to 2.3% of the overall net budgeted revenue expenditure which was in accordance with the Council's reserves policy to hold a minimum level of around 2%, the upper target being 4%.

The Council's overall General Fund reserve balances at 31 March 2024 totalled £41.766m, this being a decrease of £10.348m from the previous year, the reasons for which were summarised. In total £34.5m of General Fund reserve balances were earmarked for specific purposes.

Capital expenditure of £46.485m had been invested, and there had been an operating deficit of £146k on the Housing Revenue Account (HRA), thus decreasing the accumulated surplus balance to carry forward on that Account to £1.652m.

Finally the report commented on the draft Annual Audit Report which made reference to International Standard of Auditing (ISA) 260 matters to those charged with governance, and the Letter of Representation, copies of both of which were appended to the report.

Mr Jones highlighted key messages in the draft Annual Audit Report, during which he explained why the overall materiality figure for external audit procedures had increased to £7.7m, and referred to the financial statements audit and detailed audit approach adopted. Whilst commenting on various significant and fraud audit risks, he referred to those associated with income recognition and material misstatement by manipulation which all auditors required to assume existed, and various aspects of audit work undertaken on the valuation of property, plant and equipment. He confirmed that two material misstatements in relation to the valuation of these had been identified, and referred to associated recommendations made which had been accepted by management. Mr Jones also referred to risks and audit requirements associated with Strathclyde Pension Fund, confirming that there had been no material findings on which to report and commenting on the ceiling placed on the amount of pension surplus that could be included in the Council's balance sheet, known as the asset ceiling.

Whilst commenting on the assessment of the wider scope audit responsibilities referred to in the draft Annual Audit Report, such as on financial responsibility and financial management, Mr Jones highlighted ongoing challenges regarding financial sustainability and medium term financial planning faced by the Council, including in terms of forecasting. Key messages regarding Best Value were referred to briefly, given that the findings of a Best Value thematic review were to be discussed later in the meeting.

Finally, having referred to the recommendations itemised in the draft Annual Audit Report and highlighted that various issues were summarised in related appendices, Mr Jones thanked those involved in the audit for their support, including the Head of Accountancy (Chief Financial Officer) and the Chief Accountant and her team.

In response to Councillor Morrison, Mr Jones provided further clarification regarding Recommendation 4 on the need for management to be sufficiently prepared for the expiry of the infrastructure asset statutory override, during which he outlined challenges associated with ensuring that adequate accounting records for the measurement of such assets were maintained and commented on associated issues. In response to Councillor Wallace, he clarified that audit work undertaken on the level of borrowing incurred by the Council included considering the Council's overall financial position and that the local authority was complying

with requirements and progressing issues in line with its objectives. He also referred to the requirement for it to demonstrate that a prudent approach was being taken, in respect of which the Committee received regular treasury management reports.

In response to Councillor Ireland, the Head of Accountancy (Chief Financial Officer) itemised issues that had resulted in the budget surplus in 2023/24 of £6.844m, including a higher than anticipated level of interest earned on cash balances, and a lower level of uptake than anticipated of brown bin permits in relation to which future forecasts were being adjusted. She also commented briefly on the current budgetary position for 2024/25.

In reply to Councillor Morrison, she reported that further information on how the availability of Whitelee Wind Farm related grants were promoted to the community could be requested from the Director of Environment.

Having heard Councillor Wallace query why the accounts reflected that funds in excess of £1m for employee wellbeing and development were not being used, the Chief Executive clarified that this was a timing issue, with the position having now changed. He confirmed that a range of work was being progressed to help recruit, retain and train employees, including to prepare them for future promoted posts, and ensure the Council was an employer of choice.

The Committee agreed:-

- (a) that feedback be sought from the Director of Environment and circulated to members of the Committee on how the availability of Whitelee Wind Farm related grants was promoted to the community;
- (b) to note the draft Annual Audit Report to the Council and Controller of Audit 2023/24;
- (c) to note the content of the Council's Annual Accounts for 2023/24 and related comments made; and
- (d) remit the report to the Council for consideration.

## **INTERIM TREASURY MANAGEMENT REPORT 2024/25 – QUARTER 1**

**963.** Under reference to the Minute of the meeting of 8 August 2024 (Page 906, Item 907 refers), when it had been agreed to note the Treasury Management Annual Report for 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) on treasury management activities for the first three months of 2024/25.

The report explained that, in line with the CIPFA Code of Practice on Treasury Management, the Committee was responsible for ensuring effective inspection of the Council's treasury management activities. In accordance with that requirement, the interim Treasury Management Report for April to June 2024 was attached to the report for consideration.

Whilst highlighting key aspects of the report, the Chief Accountant confirmed that long term borrowing remained static, with no such borrowing having been taken due to the high levels of rates currently offered. The Council continued to adopt a prudent approach to treasury management and, in particular, the percentage of loans held as at 30 June 2024 that had variable interest rates was 7.38% which was well below the Council's approved upper limit of 15%.

Having commented on short term investments which had increased due to cash flows in both capital and revenue, she highlighted the prudential indicators referred to in the report which helped confirm that capital investment plans and treasury management decisions remained affordable, prudent and sustainable, highlighting that indicators 3 and 4 demonstrated that the Council was operating well within its limits.

Finally, the Chief Accountant commented on amendments to the Council's list of counterparties, confirming it had not changed from the one in the 2023/24 year-end report. It was clarified that all investments were restricted to UK bodies with high credit ratings, with the maximum period of investment, in general, restricted to 6 months.

The Committee agreed:-

- (a) to **recommend to the Council** that the organisations for investment of surplus funds be approved in accordance with Appendix 8 to the report; and
- (b) otherwise, to note the report and related comments made.

## **IMPACT OF HYBRID WORKING**

**964.** Under reference to the Minute of the meeting of 23 November 2023 (Page 683, Item 670 refers), when it had been agreed that a report be submitted to a future meeting on the advantages and disadvantages of working from home, drawing on local experience and the findings of research on this issue at a more national level, the Committee considered a report by the Director of Business Operations and Partnerships on these issues.

Having commented on the option the Council had given some employees to work from home on an agile basis for many years and guidance introduced through the pandemic on The Way We Work, the report referred to the new Hybrid Working Policy implemented in May 2023 which aimed to allow employees to work in different ways and locations. Depending on the needs of the service, the Policy typically allowed hybrid employees to work from home for up to 40%-60% of the time where the needs of the service could still be met, with employees attending the workplace a minimum of two days per week.

The report commented on the volume of employees across various workstyles, the advantages and disadvantages of hybrid working, related local and national research, and hybrid working in practice within the Council.

It was concluded that, overall, hybrid working could provide numerous advantages for both the Council and its employees, and that it was important to offer this for suitable roles to attract and retain people and be regarded as an employer of choice. Having referred to associated policy and guidance in place, the report highlighted that the volume of hybrid workers within the Council was relatively small compared to other sectors due to the community based focus of many local government roles, with the majority of employees having a fixed workstyle.

The HR Manager highlighted a range of issues regarding hybrid working within the Council, including that it was not new having been offered to some employees for approximately 30 years. Other issues commented on included that the majority of employees worked in fixed locations, changing employee expectations, that employees did not have a right to work from home, the need for managers to manage this working style effectively, and the ongoing monitoring of the impact of hybrid working.

In response to Councillor Wallace, the HR Manager clarified that ongoing monitoring was done through feedback from both managers and employees. The Head of HR and Corporate Services clarified that overall feedback had been positive, and commented that benefits for the Council included the opportunity to recruit from a wider pool of applicants and increased

levels of applications for some posts. Further in response to Councillor Wallace who sought feedback on how potential bullying could be addressed which could be less visible than in a work-based environment, she referred to the importance of organisations addressing this when it occurred, and various policies and initiatives in place within the Council to help counter bullying and provide avenues through which employees could raise such concerns if required.

In reply to further issues raised by Councillor Wallace on the measurement of productivity, the Chief Executive referred to the emphasis placed on performance rather than how people worked, a range of mechanisms in place to gauge performance, how offering different working arrangements helped to attract job applicants in a competitive recruitment environment, and the importance of hybrid working meeting the needs of the Council rather than those of individuals. He confirmed that, where necessary, he expected employees to be at their place of work full time rather than working from home, emphasising that it was only where it was an option for a service to offer hybrid working that this could be offered.

Councillor Ireland enquired if contracts of employment had been changed in the light of the adoption of hybrid working practices and about savings accrued from this way of working. The HR Manager confirmed that no changes to contracts had been made or were planned. By way of example regarding savings, the Chief Executive confirmed that it would not be possible to realise a significant saving in future from the relocation of those working in Spiersbridge in the absence of hybrid working arrangements. The Head of HR and Corporate Services confirmed that savings would continue to be made as the occupation of buildings was consolidated, following which the Director of Business Operations and Partnerships reported that travelling expenses savings had been cited in a recent report to the Cabinet on digital developments.

The Committee agreed to note the report.

## **ANNUAL SICKNESS ABSENCE REPORT 2023/24**

**965.** Under reference to the Minute of the meeting of 18 January 2024 (Page 726, Item 706 refers), when the position on absence management during 2022/23 had been discussed, the Committee considered a report by the Director of Business Operations and Partnerships providing an update on the Council's annual sickness and performance indicator (PI) data for 2023/24.

The report explained that, Council wide, sickness days per full time equivalent (FTE) employee had reduced from 11.15 days in 2022/23 to 10.96 days in 2023/24, due to lower local government employee (LGE) absence and a minimal increase in teacher absence. Local Government Benchmark Framework (LGBF) data placed East Renfrewshire 3<sup>rd</sup> best for teaching staff and 13<sup>th</sup> best for LGEs, performance on both having improved. A range of related data was provided, including on trends over time, the top reasons for absence and days lost by age and years of continuous service. Having commented on sickness absence related research, the report referred to the development of a new Sickness Absence Policy, related training to be provided, the continued focus placed on addressing sickness absence issues, and both occupational health and employee assistance referrals.

It was concluded that sickness absence levels remained high, but that the introduction of the revised Policy aimed to address some of the complexities of current absence processes. Access to detailed absence data was also allowing more targeted reviews of workforce issues.

Whilst commenting on the report, the HR Manager highlighted statistics referred to within it and the top 5 reasons for sickness absence, anticipating that the revised and simplified Policy would be welcomed. She also referred to the importance of wellbeing related initiatives to support staff to remain at work.

In reply to Councillor Morrison who welcomed the additional data and contextual information now provided in the report as requested by the Committee, the HR Manager confirmed what the data on both long and short term absence in Figures 4 and 7 of the report demonstrated, acknowledged challenges managers faced associated with long-term absence, and referred to training made available to support them.

Councillor Edlin queried if it was reasonable to expect absence rates in the public sector to match those of the private sector, and asked if consideration had been given to incentivising employees to get flu vaccines by paying for them for those who were not entitled to receive one.

The Chief Executive commented on the need to exercise caution and make fair comparisons of absence rates in the public and private sectors, taking account of the nature of posts, whilst acknowledging the importance of reducing absence. He anticipated that implementation of the new Policy would be helpful, as would the delivery of the associated training on its implementation. He emphasised that a large proportion of the workforce were rarely absent.

The HR Manager confirmed that vaccines had been offered at times in the past, and referred to work undertaken with the Health and Care Partnership to determine the costs and benefits of such initiatives. She stressed that employees could not be compelled to take up an offer of funded vaccines, reporting that take up of the flu vaccine when offered had been low, and that the evidence supporting the promotion of such an approach was not compelling at present.

Councillor Macdonald considered there to be a direct relationship between reduced absence levels and increased hybrid working, which he attributed to the fact that some employees may not consider themselves fit enough to come to the office when they were ill, but still able to work from home. He expressed the view that this helped demonstrate the value of hybrid working.

Councillor Ireland commended the improved absence levels reported and efforts invested into achieving this when rates were increasing in the private sector. In response to her, the Head of HR and Corporate Services confirmed that the Health and Wellbeing Officer was still in post. In response to Councillor Wallace, she confirmed that the standard way in which absence statistics were measured in local government was as presented in the report.

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

## **REVIEW OF STRATEGIC RISK REGISTER (SRR) AND PRESENTATION ON USE OF THE SRR**

**966.** Under reference to the Minute of the meeting of 28 March 2024 (Page 808, Item 797 refers), when the position on the Strategic Risk Register (SRR) and related issues had been noted, the Committee considered a report by the Chief Executive regarding the most recent biannual update of the register.

The report referred to the Council's approach to risk management and its review by the Corporate Management Team (CMT), confirming that the SRR appended to the report itemised key strategic risks considered and actions identified to manage these. There were now 13 risks on the SRR compared to 15 previously, 8 of which were recognised as high risk. A summary of the changes made was provided.

Having summarised the process adopted to review the SRR, the report made reference to risk management training being arranged for Council officers, both for the CMT and others, learning from which would be used to shape improved content within the Register reflecting best practice while meeting the Council's needs. It would also aid the updating of the Council's Risk Management Framework and Risk Management Strategy, both of which would be

updated in 2025. It was reported that the Council's insurance provider would also be providing critical friend support regarding all of the Council's risk management documentation.

Having highlighted key aspects of the report, including changes made to the SRR, that it would be updated to reflect that the Council had declared a Housing Emergency and the reference within it to the training organised, the Resilience Coordinator delivered a short presentation on the use of the SRR as requested by the Committee in March. Amongst other things, he explained further how risks were reflective of a combined score of likelihood and impact, and how they were presented in terms of description, controls, scoring, proposed controls and updated scoring. Having commented on the related change log maintained and the removal of risks from the SRR, he referred to the range of related documentation that existed in terms of departmental, service and project risk registers; the Risk Management Strategy; and the Risk Management Framework. Other issues commented on further included the review of issues by the CMT and the training referred to previously.

In response to Councillor Morrison, the Resilience Coordinator confirmed there were no consequences arising from reference to the Housing Emergency declared by the Council having been omitted from the version of the SRR under discussion, clarifying that this was attributable to a timing issue and that reference to it would be added.

In reply to Councillor Wallace who asked about the use of the SRR in practice by the CMT, the Chief Executive referred to its use to inform decision-making at present, the need for this to be developed further, and the difference between issues that were already identified and being addressed and the identification of potential risks in terms of horizon scanning which the Council needed to be ready to address, should they materialise, through mitigation measures and the allocation of appropriate resources. He also commented on the value of the risk related training provided by the Council's insurers at the Council's request, which was to be rolled out and related benefits.

The Committee agreed:-

- (a) that feedback be provided to appropriate senior officers on comments made at the meeting on the Strategic Risk Register for consideration; and
- (d) otherwise, to note the development of the Strategic Risk Register; that it was considered to be a live document; and that it would be updated and amended by the Corporate Management Team.

## **LOCAL EXTERNAL AUDIT REPORT – BEST VALUE THEMATIC REPORT ON WORKFORCE INNOVATION**

**967.** The Committee considered a Best Value Thematic Report by the Local External Auditor on Workforce Innovation. The report explained that, under the Code of Audit Practice June 2021, External Auditors had been tasked with performing an annual programme of work in relation to Best Value and wider scope responsibilities, including reviews based on annual thematic Best Value topics prescribed by the Accounts Commission.

For 2023/24, the Commission had directed auditors to report on Workforce Innovation. Key conclusions were provided against 6 questions posed by the Commission. These questions included how effectively the Council's workforce plans integrated with its strategic plans and priorities; how effectively digital technology had been used to support workforce productivity and improve service quality and outcomes; what innovative practices the Council was using to develop its future workforce capacity and skills needs and manage staff reductions in line with its priorities; and what progress had been made by the Council in sharing roles or functions across its services and/or with other councils and partners.



Four recommendations had been made, and accepted, on the Council considering how best to broaden awareness of key workforce planning issues amongst Elected Members; the 2025/26 budget process needing to address the funding of the digital transformation programme to continue to enhance the efficiency and effectiveness of services; and the Council taking steps to improve participation rates in Quality Conversations and the response rate to the employee survey.

Whilst commenting on the report, Ms Scanlin highlighted that, as the Accounts Commission set the questions for the topic under review, a consistent approach was taken across local authorities in identifying good practice, clarifying that a single overview report would also be prepared to complement those prepared for each authority. She explained that the report reflected challenges facing the Council, including on recruitment, and referred to a number of the recommendations made. She thanked all those involved in providing support during the review, particularly the Director of Business Operations and Partnerships and Head of HR and Corporate Services and their teams, including the Digital Transformation Team. She also welcomed Trade Union engagement during the review.

Councillor Morrison commented that Exhibit 3 of the report provided a good example of how digital transformation was delivering a practical solution by providing insight into absence management issues.

Regarding progress made on the sharing of roles or functions with partners, Councillor Ireland welcomed the Regional Local Government Skills Working Group's work with the University of the West of Scotland to launch a 2 year conversion course and undergraduate course for planning skills. In response to a question from her on any plans to improve collaboration with other local authorities, the Director of Business Operations and Partnerships confirmed that there was nothing concrete to report on at present, but referred to work the Society of Local Authority Chief Executives (SOLACE) was doing with the Improvement Service on six work streams to improve collaboration, such as to maximise digital capacity.

The Committee agreed to note the report and the related recommendations and Action Plan.

## **NATIONAL EXTERNAL AUDIT REPORT - INTEGRATION JOINT BOARDS' FINANCE AND PERFORMANCE 2024**

**968.** The Committee considered a report by the Clerk on the publication in July 2024 of a report by Audit Scotland entitled Integration Joint Boards' Finance and Performance 2024. Under the Committee's specialisation arrangements, Councillor Edlin was leading the review of the report. Comments on the report prepared by the Head of Finance and Resources, HSPC, as considered and noted by the East Renfrewshire Integration Joint Board (IJB) on 14 August, were attached to the report, with the Board having also noted that the report would be considered by the Audit and Scrutiny Committee.

The feedback provided an overview of and highlighted the key messages within the Audit Scotland report concerning the finances and performance of IJBs. Having highlighted that unprecedented pressures and financial uncertainties were faced by community health and social care services, with there being rising unmet need, the report clarified that the basis for the report was financial data from the 2022/23 financial year, looking forward to 2023/24. Given the Board's financial recovery position in 2023/24, the Board benchmarked in a worse position, albeit a number of IJBs nationwide were engaged in recovery discussions.

The report outlined seven key messages within the national report, summarising the associated local position. It also presented five recommendations, on which initial thoughts were provided in terms of the local position. While these recommendations were not new for the IJB, setting a balanced budget was reported to be increasingly challenging.

The report concluded that, although the report primarily focused on IJBs, it was considered crucial that all bodies collaborated to address the significant and complex challenges facing primary and community health and social care, with IJBs alone being unable to resolve the sector's crisis. It was clarified that the next version of the national External Audit annual report would be produced jointly with the Auditor General for Scotland, adopt a whole system approach, and make recommendations to the Scottish Government, local councils, NHS boards, and IJBs as appropriate.

Councillor Morrison referred to the comments in the Audit Scotland report on a lack of significant evidence of a shift in the balance of care from hospitals to the community, asking how this could be achieved. The Head of Finance and Resources, HSCP referred to challenges now faced, including increased demand for beds and care in the community, confirmed that a long-term aspiration was in place regarding the shift, and cited examples of where this had been achieved locally thus far. She added that the change required the redesign of services, giving examples of clinics, such as for some maternity services, which had been established recently in the community. Also in response to him, she commented on the National Care Service (NCS) proposals, highlighting that services had been integrated locally for a long time prior to there being a legal requirement to do so, that there were significant workforce changes associated with the proposals, and that the current proposals differed from those set out initially. The Head of Finance and Resources added that a NCS would bring governance changes, expressed hope that nothing would detract from how services were delivered for the community, and commented that it was hard to identify what difference a NCS would make in the absence of sufficient funds being made available.

Councillor Edlin commended what was being achieved locally, but stressed the need for services to be funded to address rising demand and that the challenges faced were significant. He reported that the IJB's views on the NCS proposals had been made known.

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

## **INTERNAL AUDIT ANNUAL REPORT 2023/24**

**969.** The Committee considered a report by the Chief Auditor regarding the annual report on the activities of internal audit during 2023/24, and providing an independent annual opinion on the adequacy and effectiveness of the Council's governance, risk management and internal controls based on work undertaken in 2023/24.

Whilst commenting on the report and implementation of the 2023/24 Internal Audit Plan, the Chief Auditor explained that 2023/24 had again been a challenging year for various reasons, with some audits having been deleted from the original Plan and priority given to audits which gave most assurance that internal controls continued to operate satisfactorily. She quantified the initial and final number of audit days available to implement the Plan, explaining that 18 reports had been issued relating to it, satisfactory responses to all of which had been received.

Having referred to updates provided quarterly to the Committee and various Internal Audit reports circulated in full to the Committee's membership, the Chief Auditor confirmed that where recommendations had not been accepted by management, the responses by management had been deemed satisfactory and information on them had been included in the progress reports submitted to the Committee. It was reported that 13 of 100 days budgeted for contingency had been used on two pieces of work that had been concluded.

Regarding the Public Sector Internal Audit Standards (PSIAS), she referred to the external assessment completed which had been the subject of a report to the Committee in January 2024, the resulting Quality Assurance Improvement Plan a copy of which was appended to the report, and clarified that 2 of the 6 actions agreed remained to be implemented on which

work would be progressed during the forthcoming months. She also commented on the 3 performance targets which had not been met, for reasons specified in the report.

Regarding the annual statement on the adequacy and effectiveness of the Council's governance, risk management and internal controls, it was confirmed that based on the information available and work carried out, the Chief Auditor's opinion was that reasonable assurance could be placed upon the adequacy and effectiveness of these controls in the year to 31 March 2024.

In response to Councillor Wallace, the Chief Auditor confirmed that senior management were receptive to the work of Internal Audit and implementation of recommendations made, with no problems regarding this having been encountered. She also confirmed that the section was now fully staffed.

The Committee agreed:-

- (a) to approve the statement on the adequacy and effectiveness of the Council's governance, risk management and internal control systems and submit it to the Council; and
- (b) otherwise, to note the Internal Audit Annual Report 2023/24 and associated comments made.

## **REVIEW OF INTERNAL AUDIT CHARTER**

**970.** The Committee considered a report by the Chief Auditor seeking approval of the revised Internal Audit Charter which had been last reviewed in 2019. The report explained that there was a requirement to review the Charter periodically to ensure it remained fit for purpose, clarifying that the Quality Assurance Improvement Plan arising from the review of the Internal Audit Section's compliance with PSIAS had included a recommendation suggesting that the Charter be updated to include a Mission Statement and provide a definition of the nature of assurance services provided to the Council and external parties. A copy of the proposed Charter, addressing these issues, was appended to the report.

The Committee, having heard the Chief Auditor highlight key aspects of the report, agreed to approve the revised Internal Audit Charter.

CHAIR

