

SCOTTISH BORDERS COUNCIL AUDIT AND SCRUTINY COMMITTEE

MINUTE of Meeting of the AUDIT AND SCRUTINY COMMITTEE held in Council Chambers. Council Headquarters, Newtown St Boswells on Monday, 9 March 2020 at 10.15 am

Present:- Councillors S. Bell (Chairman), H. Anderson, J. A. Fullarton, S. Hamilton, N. Richards, H. Scott, E. Thornton-Nicol, S. Scott, Mr. M. Middlemiss
Apologies:- Councillors K. Chapman, Ms H. Barnett
In Attendance:- Executive Director (R. Dickson), Executive Director Finance and Regulatory, Chief Officer Audit and Risk, Chief Social Work & Public Protection Officer, Democratic Services Team Leader, Trainee Democratic Services Officer

1. MINUTE.

There had been circulated copies of the Minute of the Meeting held on 10 February 2020.

DECISION

APPROVED for signature by the Chairman.

2. ACTION TRACKER

2.1 There had been circulated copies of the Action Tracker for the Audit and Scrutiny Committee. In terms of the Best Value Audit Action Plan, it was noted that this plan was covered by Audit Scotland who scrutinised improvements in governance controls and should therefore be shown as part of an audit function. Ms Stacey advised that as the meeting on 4 June 2020 was a Scrutiny meeting this item would be brought to the Audit meeting on 11 May 2020 with further updates on progress presented to the November meeting. Ms Stacey further advised that following today's meeting the action tracker would be updated and any items marked as completed would be removed.

2.2 In response to a question, Mr Dickson explained that the situation with regard to the coronavirus was clearly challenging in terms of speed and although NHS was leading on this, SBC would be providing full support. With respect to the planning and scale to be covered, Management were satisfied that there was an understanding of the key challenges and the work to be planned with a focus being made on care homes, schools and nurseries. Information had been sent out through schools to parents on Friday. Mr Dickson also advised that Scottish Government was leading on all public communication and a further Members briefing would be inevitable.

DECISION

(a) **NOTED the Action Tracker and:**

(b) **AGREED that an update on the Best Value Action Plan would be given at the next Audit meeting with further updates on progress made at the November meeting.**

AUDIT BUSINESS

3. RISK MANAGEMENT IN SERVICES

3.1 The Chief Social Work and Public Protection Officer, Mr Easingwood, was in attendance to brief the Committee on the strategic risks facing the various services within social work and public protection and explained the internal controls and governance in place to manage and mitigate those risks. Mr Easingwood explained that the presentation

focussed on elements relating or pertaining to children and young people and public protection within the areas of service he managed, namely: adult social work services, adoption and fostering, children and families, out of hour's service (inc. emergency duty team), criminal justice services, mental health, public protection, quality standards and inspections, safer communities and youth justice. Risk registers for each of the services were developed through social work and public protection processes and were owned by Service Managers within that service. Risks were regularly reviewed by the Services Management Team and when necessary, were escalated to Corporate Management Team (CMT).

- 3.2 Mr Easingwood explained that a new Public Protection Governance model had been in place since January which had merged the Child and Adult Protection Committees into one. The nature of the service was such that it would never be possible to eliminate risk but the aim was to try and mitigate risk as much as possible and embedded processes were in place. The changes implemented would include a new suite of performance indicators. Mr Easingwood then went on to give a brief overview of the risks within each service. With regard to self-evaluation and input from service users, Mr Easingwood advised that while such evaluation was well embedded within Adult Protection there was still work to be done to ensure the inclusion of the views of the child. He further advised that the Care Inspectorate were taking a close interest in the inclusion of these services under one umbrella. In response to a question, Mr Easingwood explained that work was being carried out with schools with regard to pupils' use of smart phones and the need for a uniform policy. Mr Easingwood further advised on the challenge of recruiting qualified social workers, which was a national problem. Work on innovative traineeships and how to make the roles more attractive in the Scottish Borders was being undertaken. There was a concern raised regarding high tariff child placements, In addition to the potential financial impacts of children and young people being placed outwith the Borders it was noted that there tended to be poorer outcomes for these children and the aim was to keep as many as possible in the Borders. Work continued to try and bring more children back to the Borders and there were proposals to develop services with the Aberlour Trust. A model was needed to allow engagement with families at an earlier stage to try and mitigate problems before they escalated. There was an increasing requirement for supervision of children and their parents being required by both the Children's Panel and the courts. In order that there was a better understanding of the implications of such orders there had been active engagement with the Children's Panel and a joint training session with Child Protection. The Chairman thanked Mr Easingwood for his presentation.

DECISION

NOTED the presentation.

4. INTERNAL AUDIT WORK TO FEBRUARY 2020

With reference to paragraph 9 of the Minute of 10 February 2020, there had been circulated copies of a report by the Chief Officer Audit and Risk which provided members of the Audit and Scrutiny Committee with details of the recent work carried out by Internal Audit and the recommended audit actions agreed by Management to improve internal controls and governance arrangements. The work Internal Audit had carried out during the period 1 February to 29 February 2020 was detailed in the report. During the period, a total of seven Final Internal Audit reports had been issued, with five recommendations made associated with two of the reports. An Executive Summary of the final Internal Audit reports issued, including audit objective, key findings, good practice, recommendations (where appropriate) and the Chief Officer Audit and Risk's independent and objective opinion on the adequacy of the control environment and governance arrangements within each audit area, was detailed in Appendix 1 to the report. In response to a question, Ms Stacey advised that the status of the recommendations for the Fit for 2024 transformation programme, which had been agreed by the Board, was that these were progressing and contact had already been made with the Corporate Risk Officer to ensure that risks were identified and monitored. With regard to a concern raised

that there was no mention of monitoring of grants given to the path network to ensure they were being utilised appropriately, Ms Stacey advised that the audit had only looked at budget control. However, Mr Dickson advised that Council responsibilities still applied and that the budgets in this area would be monitored. Members were also given assurance that the off-site IT Security relocation arrangements in North Lanarkshire had been designed appropriately and that all parties were adhering and complying with good practice. Appropriate system back-up servers had also been set up in the North Lanarkshire recovery centre. Mr Robertson advised that there was no anticipated date for completion from CGI and although the physical relocation of the equipment had taken place some file mapping was still to be carried out. He further advised that processes and procedures had been updated to gain assurance that IT records were updated timeously to reduce risks to the accounts and avoidable costs being incurred.

DECISION

(a) NOTED:-

- (i) the final assurance reports issued in the period from 1 to 29 February 2020 associated with the delivery of the approved Internal Audit Annual Plan 2019/20; and**
- (ii) the Internal Audit Assurance work in progress and Internal Audit Consultancy and other work carried out in accordance with the approved Internal Audit Charter.**

(b) AGREED to acknowledge the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit Work.

MEMBER

Councillor S. Hamilton left the meeting following consideration of the above report.

5. SCOTLAND'S CITY REGION AND GROWTH DEALS

There had been circulated copies of a report by the Accounts Commission published in January 2020 which provided an overview of the City Region and Growth Deals that had enabled economic development projects across Scotland and had increased collaboration between Councils and partners. The Executive Director, Mr Dickson explained that the key messages within the report outlined that £5.2billion had been committed to support economic development in all parts of Scotland and the money came from the UK and Scottish Governments, Councils and their partner organisations which brought additional long term funding for regional economic development. Four deals had been signed to date and eight were in development. Deals had been developed against an evolving policy backdrop and each deal was made up of a number of projects, largely comprising infrastructure improvements. The report also highlighted that governance and scrutiny arrangements were in place at a national and deal level. Accountability and scrutiny arrangements were still evolving. Appendix 1 to the report showed the audit methodology with the objective to carry out early assessments on how prepared the Scottish Government and Councils were for the deals. The advisory group membership was shown within Appendix 2 to the report. Appendix 3 and Supplement 1 outlined the Scrutiny Tool Checklist for Councillors. This scrutiny tool was designed to provide Councillors with example questions they may wish to ask to help them better understand the Council's deal and to scrutinise performance. Appendix 4 to the report gave an overview of the signed deals. Mr Dickson addressed all points raised and advised that a report would be presented to Council on 26 March 2020 with regular six monthly updates to Members.

DECISION

NOTED the report.

MEMBER

Councillor S. Scott left the meeting during the above item.

6. INTERNAL AUDIT CHARTER

With reference to paragraph 9 of the Minute of 11 March 2019, there had been circulated copies of a report by the Chief Officer Audit and Risk providing the Committee with the updated Internal Audit Charter for approval. The Charter defined the terms of reference for the Internal Audit function to carry out its role to enable the Chief Officer Audit and Risk to prepare an annual internal audit opinion on the adequacy of the Council's overall control environment. The definition of Internal Auditing within the Public Sector Internal Audit Standards (PSIAS) was "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helped an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". In accordance with the PSIAS, the purpose, authority and responsibility of the Internal Audit activity must be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Chief Officer Audit and Risk, as the Chief Audit Executive at Scottish Borders Council, must periodically review the Internal Audit Charter and present it to senior management (Corporate Management Team) and the board (Audit and Scrutiny Committee) for approval. The Internal Audit Charter was shown in Appendix 1 to the report and had been updated by the Chief Audit Executive (SBC's Chief Officer Audit and Risk) in conformance with the PSIAS for approval by the Audit and Scrutiny Committee to ensure that Internal Audit was tasked to carry out its role in accordance with best Corporate Governance practice. Ms Stacey advised that the Internal Audit Charter had been updated to explicitly reflect the change in reporting line of the Chief Officer Audit and Risk associated with the revised Corporate Management structure from January 2020 and reflected the reintegration of all services directly delivered by the SB Cares ALEO into the Council from December 2019. It also amended reference to Corporate Risk Officer to reflect resource arrangements for risk management activity from September 2019. Ms Stacey further advised that the Internal Audit Charter would be considered alongside the Internal Audit Strategy and Plan 2020/21.

DECISION

AGREED the updated Internal Audit Charter as shown in Appendix 1 to the report.

7. INTERNAL AUDIT STRATEGY & ANNUAL PLAN 2020/21

- 7.1 With reference to paragraph 10 of the Minute of 11 March 2019, there had been circulated copies of a report by the Chief Officer Audit and Risk seeking approval to the proposed Internal Audit Strategy and Internal Audit Plan 2020/21 to enable the preparation of the annual opinions on the adequacy of the overall control environment for Scottish Borders Council, Scottish Borders Pension Fund, and Scottish Borders Health and Social Care Integration Joint Board. Ms Stacey explained that the Internal Audit function followed the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) effective 1 April 2013 (updated 2017) which required the establishment of risk based plans to determine the priorities of the Internal Audit activity and that these plans were sufficiently flexible to reflect the changing risks and priorities pertaining to each organisation. The Internal Audit function also included the requirement to provide senior management and members with independent and objective assurance which was designed to add value and improve the organisation's operation. In addition, the Chief Officer Audit and Risk was also required to prepare an Internal Audit annual opinion on the adequacy of the organisation's overall control environment. The background to the Internal Audit Strategy was set out in Appendix 1 to the report. Ms Stacey explained that the Internal Audit Annual Plan 2020/21, detailed in Appendix 2, set out the range and breadth of audit areas and sufficient work within the audit programme of work to enable the Chief Officer Audit and Risk to prepare an Internal Audit annual opinion. Key components of the audit planning process included a clear understanding of the

organisation's functions, associated risks, and assurance framework. There were staff and other resources currently in place to achieve the Internal Audit Annual Plan 2020/21 and to meet its objectives.

- 7.2 The Committee discussed the report and Ms Stacey advised that the Internal Audit Strategy outlined the strategic direction and reflected the Council's decision on 26 September to reintegrate all of the services directly delivered by SB Cares into the Council from 1 December 2019. This had an effect of reducing the percentage allocation of resources to non-SBC organisations and increased the percentage allocation of resources to the Council. The proposed coverage in the Internal Audit Annual Plan would enable assurance to be provided to the Committee and Corporate Management Team though the plan would be considered to be flexible and would periodically be reviewed, and amended as required, to reflect any new arrangements or changing risks and priorities. Members were advised that this was an evolving plan and recent discussions had been held with Service Directors which highlighted the flexibility required within the plan due to some of the issues that came up during the year which would be incorporated into the plan, whilst the core objective would be to increase the scope within the plan.

DECISION

AGREED:-

- (a) the Internal Audit Strategy as detailed in Appendix 1 to the report; and
- (b) the Internal Audit Annual Plan 2019/20 detailed in Appendix 2 to the report.

The meeting concluded at 11.55 am