SCOTTISH BORDERS COUNCIL
AUDIT AND SCRUTINY COMMITTEE

MINUTE of Meeting of the AUDIT AND SCRUTINY COMMITTEE conducted remotely by Microsoft Teams Live Event on Monday, 10 May 2021 at 10.40 am

---

Present:-	Councillors S. Bell (Chairman), H. Anderson J. Fullarton, J Greenwell, N. Richards, E. Robson, S Scott, E. Thornton-Nicol. Audit Business: Mr M Middlemiss
Also in Attendance:-	Councillors G Edgar, R Tatler.
Apologies:	Councillor H. Scott and Ms H. Barnett.
In Attendance:-	Executive Director Finance & Regulatory, Chief Officer Audit & Risk, Executive Director Customer and Communities, Service Director Assets and Infrastructure, Clerk to the Council, Democratic Services Officer (J Turnbull) and from Audit Scotland: Mr J Steen and Ms Wilson-Jones.

WELCOME AND INTRODUCTIONS
The Chairman welcomed Members of the Audit and Scrutiny Committee and members of the public to the open online meeting. He apologised for the delay in starting the meeting, which was due to a technical issue with the live stream. He introduced Mr Steen and Ms Wilson-Jones from Audit Scotland. Ms Wilson-Jones was replacing Mr Steen as Audit Manager for Scottish Borders Council and therefore would attend the meetings of this Committee.

ORDER OF BUSINESS
The Chairman varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

1. MINUTE.
There had been circulated copies of the Minute of the Meeting held on 8 March 2021.

DECISION
APPROVED for signature by the Chairman.

With reference to paragraph 3 of the Minute, the Chief Officer Audit & Risk advised that the Treasury Management Advisor would attend the informal meeting on 22 November 2021 to deliver Members' refresh training. This would be followed by consideration of the mid-year Treasury Management report at the Audit & Scrutiny Committee formal meeting.

DECISION
AGREED to add Treasury Management refresh training on 22 November 2021 to the Action Tracker.

2. ACTION TRACKER

There had been circulated copies of the Action Tracker for the Audit and Scrutiny Committee. The Chairman advised that the 22 October 2020 item was being discussed on the agenda and the 23 November 2020 item was ongoing.

DECISION
NOTED the Action Tracker

AUDIT BUSINESS

3. AUDIT AND SCRUTINY COMMITTEE ANNUAL REPORT 2020/21

There had been circulated copies of a report by the Chairman of the Audit and Scrutiny Committee providing the Audit and Scrutiny Annual Report 2020/21 which presented the Committee's performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose in relation to its Audit function. The report explained that it was important that the Council's Audit and Scrutiny Committee fully complied with best practice guidance on Audit Committees to ensure it could demonstrate its effectiveness as a scrutiny body (Audit functions) as a foundation for sound corporate governance for the Council. The CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance) included the production of an annual report on the performance of the Audit and Scrutiny Committee against its remit (Audit functions) for submission to Council. The Audit and Scrutiny Committee Annual Report 2020/21 (attached as Appendix 1 to the report) was presented for consideration. Scottish Borders Council continued to be a lead authority in adopting this best practice. The Audit and Scrutiny Committee carried out self-assessments of Compliance with Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committee Guidance during the Informal Session on 8 March 2021 facilitated by the Chief Officer Audit and Risk. The self-assessments were appended as Appendix 2 to the report (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration. The outcome of the self-assessments was a high degree of performance against the good practice principles and a high/medium degree of effectiveness, with areas of further improvement identified.

DECISION

(a) APPROVED the Audit and Scrutiny Committee Annual Report 2020/21 (Appendix 1 to the report) which incorporated its self-assessments (Appendices 2 and 3 to the report) using the CIPFA Audit Committees Guidance; and

***(b) AGREED that the Audit and Scrutiny Committee Annual Report 2020/21 be presented to the Council**.

4. INTERNAL AUDIT WORK TO MARCH 2021

4.1 With reference to paragraph 6 of the Minute of 8 March 2021, 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 from 20 February to 31 March 2021 was detailed in the report. During the period, a total of three final Internal Audit reports had been issued. There was one recommendation made associated with one of the reports (1 Medium-rated). An Executive Summary of the final Internal Audit reports issued, including audit objective, 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. The Chief

Officer Audit and Risk highlighted the main points of the three elements of the report which related to: Business World ERP System Key Controls; Learning Disabilities Services Financial Management; and Information Governance In response to questions, the Chief Officer Audit & Risk clarified that the medium rated recommendation related to the Learning Disability Service and advised that improvement actions were ongoing to address the risk and would continue to be monitored. The Learning Disability Service included residential services, day services, contracted services and voluntary services. With regard to commissioning arrangements the Chief Officer Audit & Risk advised that work was underway to ascertain costs for benchmarking purposes. However, during the pandemic a different provision had been required under restrictions which had involved additional costs. The Executive Director Finance and Regulatory added that Corporate Management Team was reviewing the Learning Disability Service delivery of savings in line with the budget. Members requested that an update on the progress of the Learning Disabilities Service Financial Management recommendation be presented to the Audit and Scrutiny Committee in four months' time.

4.2 With regard to the management of Freedom of Information (FOI) requests, the Chief Officer Audit and Risk explained that the Information Governance Group met every quarter and these were routinely monitored to ensure the Council was fulfilling its obligations. If it was considered further resources were required the Chief Legal Officer would escalate the request to CMT. Members noted that FOI requests placed a significant burden on officers' time, many of which were generated by commercial businesses. The Chairman suggested that if Members required a scrutiny review be brought forward for consideration they discuss with the Clerk to the Council following the meeting.

DECISION

(a) NOTED:

(i) the final assurance reports issued in the period from 20 February to 31 March 2021 associated with the delivery of the approved Internal Audit Annual Plan 2020/21; and

(ii) the Internal Audit Consultancy and other work carried out in accordance with the approved Internal Audit Charter.

(b) AGREED:

(i) to acknowledge the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work; and

(ii) in respect of the Learning Disabilities Service Financial Management recommendation, that an update with detail of progress be presented to the Audit and Scrutiny Committee in four months' time.

5. **INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2020/21**

With reference to paragraph 5 of the Minute of 23 June 2020, there had been circulated copies of a report by the Chief Officer Audit and Risk presenting the Internal Audit Assurance Report for the year to 31 March 2021 which included the Chief Officer Audit and Risk's independent assurance opinion on the adequacy of the Council's overall control environment. The report explained that the Public Sector Internal Audit Standards (PSIAS) required that the Chief Audit Executive (CAE), the Council's Chief Officer Audit and Risk, provided an annual internal audit opinion and report on the adequacy and effectiveness of the Council's governance, risk management and internal controls to support the preparation of the Annual Governance Statement. This was in support of the overall governance arrangements of the Council, as set out in the Local Code of Corporate Governance. The remit of the Audit and Scrutiny Committee, relevant to the content of the report, indicated that it should: ensure an adequate framework of internal control, risk management and governance throughout the Council; and monitor and review the performance of Internal

Audit, conformance to the Public Sector Internal Audit Standards and Code of Ethics. To meet the requirements of the PSIAS the Internal Audit Annual Assurance Report 2020/21, at Appendix 1 to the report, included the annual Internal Audit activity and performance during the year to fulfil its role and summarised the outcomes of assessments of the Internal Audit service against the PSIAS. The Chief Officer Audit and Risk highlighted the main points of the report and gave further clarification where requested by Members. In response to a question about the ongoing shared Internal Audit Service with Midlothian Council, the Chief Officer Audit and Risk indicated that with support from the respective Internal Audit teams, the Internal Audit requirements of both organisations were being met. With regard to cyber security, the Chief Officer Audit and Risk suggested that the Digital Strategy overview session could incorporate a section on cyber security. The Executive Director Finance and Regulatory added that following a recent data breach at SEPA, CGI was undertaking a review of cyber security. An update report on this would be brought back to the Audit & Scrutiny Committee.

DECISION

(a) NOTED the Internal Audit Annual Assurance Report 2020/21 attached as Appendix 1 to the report and assurance contained therein.

(b) AGREED that the Executive Director Finance & Regulatory would bring a short ICT Cyber security update report to the Audit and Scrutiny Committee in due course.

6. **COUNTER FRAUD ANNUAL REPORT 2021/21**

With reference to paragraph 4 of the Minute of 23 May 2020, there had been circulated copies of a report by the Chief Officer Audit and Risk providing details of the Council's counter fraud responsibilities and an update on the fraud prevention, detection and investigation activity during the year to 31 March 2021. The report explained that the Council was committed to minimising the risk of loss due to fraud, theft or corruption and to taking appropriate action against those who attempted to defraud the Council, whether from within the authority or from outside. The primary responsibility for the prevention, detection and investigation of fraud rested with Management, supported by the Integrity Group. Internal Audit provided advice and independent assurance on the effectiveness of processes put in place by Management. Part of the Audit and Scrutiny Committee's role was to oversee the framework of internal financial control including the assessment of fraud risks and to monitor counter fraud strategy, actions and resources. In 2018, a revised Counter Fraud Policy statement and a 3-year Counter Fraud Strategy were endorsed by this Committee and approved by Council to continue to refine its approach to tackling fraud, with a focus on prevention and detection and promotion of anti-fraud culture across the Council, taking account of reduced resources. Counter fraud activity in line with the Policy was outlined in this annual report. Assurances about the effectiveness of the Council's existing systems and arrangements for the prevention, detection and investigation of fraud can be taken from the outcomes contained with this report. The Chief Officer Audit and Risk highlighted the main points from the report and answered Members' questions. With regard to counter fraud control, she advised that service managers were responsible for ensuring their staff were made aware of procedures and practice to follow. Regular communications were also issued to make staff aware of phishing attempts etc. The Committee raised concern that the Counter Fraud Officer's post had been vacant since December 2020. The Executive Director Finance and Regulatory explained that recruitment would be progressed when restrictions allowed. However, Members highlighted the importance of having an officer in post and recommended that action be taken to fill this vacancy. Councillor Robson, seconded by Councillor H Anderson, suggested that as the Council had not had a Counter Fraud Officer in place since December 2020, that the Chief Executive should take the most appropriate urgent action to fill this role. This was accepted by all Members.

DECISION

(a) NOTED:

(i) the counter fraud work undertaken in support of the Council's counter fraud policy and strategy; and

(ii) the outcomes of the counter fraud activity 2020/21.

*** (b) AGREED TO RECOMMEND to Council that as the Counter Fraud Officer post had been vacant since December 2020 that the Chief Executive takes the most appropriate urgent action.**

7. **RISK MANAGEMENT ANNUAL REPORT 2020/21.**

With reference to paragraph 3 of the Minute of 23 June 2020, there has been circulated copies of a report by the Chief Officer Audit and Risk providing an overview of Scottish Borders Council's responsibilities in respect of risk management and an update on the risk management activity during 2020/21. The report explained that **e**ffective Risk Management was one of the foundations of effective Corporate Governance and was recognised as such in the Council's Local Code of Corporate Governance. Compliance with the principles of sound Corporate Governance required the Council to adopt a coherent approach to the management of risks that it faced every day. Better and more assured risk management would bring many benefits to the Council and the people it served. Management had the primary responsibility to systematically identify, analyse, evaluate, control and monitor risks to the achievement of the Council's objectives. Internal Audit was required to give independent assurance on the effectiveness of all internal controls and other arrangements put in place by Management to manage risk. Part of the Audit and Scrutiny Committee's role (Audit function) was to scrutinise the framework of internal financial control, risk management and governance throughout the Council to ensure its adequacy. In 2018, a revised Risk Management Policy statement and a 3-year Risk Management Strategy were endorsed by this Committee and approved by Council to continue to refine its approach to managing risks with a focus on quality of reporting to enable sufficient Senior Management monitoring and oversight. This annual report showed that the Council continued to refine its approach to Risk Management and embed these key aspects into the management practices of the Council and outlined progress made during 2020/21 in delivering the Risk Management Strategy to achieve Policy objectives. The Chief Officer Audit and Risk highlighted the main points from the report and answered Members' questions.

DECISION
AGREED to acknowledge the arrangements for managing risks at the Council to ensure their on-going effectiveness in support of the Council's risk management policy and strategy.

8. **ANNUAL GOVERNANCE STATEMENT 2020/21 AND ANNUAL ASSURANCE STATEMENT 2020/21 TO THE SCOTTISH HOUSING REGULATOR**

8.1 With reference to paragraph 5 and 6 of the Minute of 23 June 2020, there had been circulated copies of a report by the Chief Executive presenting for approval the Annual Governance Statement 2020/21 and the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council. The report explained the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016), urged local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance, and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period. The Annual Governance Statement 2020/21 at Appendix A to the report, in compliance with the CIPFA/SOLACE Framework, provided details of the Council's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance and overall opinion. In 2019, the Scottish Housing Regulator ("the Regulator") revised its Regulatory Framework. This

placed a new requirement on all social landlords to submit an Annual Assurance Statement to the Regulator by the end of October each year. Section 8 of the Annual Assurance Statement 2020/21 of the Service Director Customer and Communities, at Appendix B, was designed to meet this requirement of the Scottish Housing Regulator.

8.2 The Service Director Customer and Communities presented the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council in Appendix B and summarised the Council's governance arrangements. She also highlighted the two main areas where improvements could be made. With regard to the Gypsy/Travellers site at Tweedside Caravan Park, Innerleithen she acknowledged that the site did not yet meet the Scottish Government's minimum standards. However, engagement continued and the Housing Regulator was satisfied with progress. In response to a question, the Service Director Customer and Communities explained that because of increased demand due to the pandemic, the Council had also utilised a site at Selkirk to accommodate travellers. A review of anticipated demand would be undertaken to ensure the most appropriate arrangements for travellers going forward. In respect of the Homelessness Service the Service Director Customer and Communities advised that there was still some scope for improvement and Appendix 1 to the report detailed the works in both those areas still to be carried out. In response to questions regarding the Assurance Statement to the Scottish Housing Regulator, the Homelessness Service Manager advised that the areas requiring completion were improving service user involvement and consistency in performance reporting. In conjunction with Internal Audit, an action plan had been developed in order to achieve a more consistent, robust service with the substantial works completed within the next six months. Further actions would be added to the plan so it would become a rolling programme of work. The Chief Officer Audit and Risk explained that the planned piece of work had been deferred in 2020/21 because of capacity in the Service but this was scheduled to commence over this quarter. Audit work would also cover other elements in terms of temporary accommodation and any findings and conclusions would be reported back to the Audit and Scrutiny Committee. With regard to homelessness, the Manager advised that they had been able to provide emergency accommodation over the past 12 months to keep people safe and were now revisting the developmental agenda. The Service Director Customer and Communities suggested a further recommendation be added 'that an update report be presented to the Audit and Scrutiny Committee outlining progress in the areas set out in Appendix B to the report' and this was agreed.

8.3 The Chief Officer Audit and Risk summarised the Council's annual assurance process by way of background information for Members of the Committee and highlighted the main points from the Annual Governance Statement 2020/21 at Appendix A to the report, which was the output from that process.

DECISION
AGREED to:-

(a) Note the details of the Annual Governance Statement 2020/21 as detailed in Appendix A to the report and that it reflected the risk environment and governance in place to achieve objectives, and acknowledged the actions identified by Management to improve internal controls and governance arrangements;

(b) Approve that the Annual Governance Statement 2020/2 (Appendix A) be published in the Council's Statement of Accounts 2020/21;

(c) Note the details of the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council (Appendix B), the further self-assessment information (Appendix 1), and Scottish Borders Council Annual Assurance Statement 2020/21 to the Scottish Housing Regulator (Appendix 2) and acknowledged the actions indented by Management to improve

arrangements; and the actions identified by Management to improve internal controls and governance arrangements;

(d) Approve the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council (Appendix B) be submitted to the Scottish Housing Regulator along with the Summary Statement of Self-Assessment of Compliance against Regulatory Framework (Appendix 1) and Scottish Borders Council Annual Assurance Statement 2020/2021 to the Scottish Housing Regulator (Appendix 2); and

(e) Request that an update report be presented to Audit and Scrutiny Committee in 6 month's time, outlining progress in the areas set out in Appendix B (Assurance Statement to the Housing Regulator) to the report.

MEMBER
Mr Middlemiss left the meeting.

ADJOURNEMENT
The meeting was adjourned at 12.35 am and re-convened at 12.40 am.

SCRUTINY BUSINESS

9. **GRASSCUTTING AND BIODIVERSITY – EFFECTIVENESS OF BIODIVERSITY PLANS**

9.1 There had been circulated copies of a report by the Service Director, Assets and Infrastructure, providing information, as requested, on the existing greenspace management and maintenance operations, including grass cutting regimes carried out by the Parks and Environment Section. The report summarised the ongoing work to deliver biodiversity plans by Scottish Borders Council and the opportunities and challenges presented therein. The report explained that Scottish Borders Council's Parks and Environment Section provided operational grounds maintenance services across the public realm, including civic spaces, parks, cemeteries and churchyards, footpaths, sports facilities, play facilities, general amenity areas, schools, industrial estates and woodlands. The Service was also responsible for management and maintenance of public toilets, street cleansing and litter bins and managed. Teams were working closely with the Climate Change Group which fed into various strands across Assets and Infrastructure, not just the Parks service. The Chief Officer Roads highlighted the main points from the report and answered Members' questions. More innovative ways were being sought to link people who wanted to grow with those with gardens who were finding them too much and that included trying to link with Community Planning partners. The demand for allotments was quite high and by their very nature they were labour intensive. New regulations had recently been introduced and a further report was due to come back to Council on allotments in a year's time. With regard to the use of glyphosate, Mr Hedley advised that appropriate licenses were in place and the chemical was only used by appropriately trained staff for street and grass maintenance as it reduced the need to strim. Currently, there was no financially viable alternative for street use. Members discussed the grass cutting cycle and Mr Hedley explained that the Council was required to do more to reduce its carbon impact and increase biodiversity. Most complaints were generated from cemetery maintenance and he acknowledged that active cemeteries could benefit from increased maintenance. However, financial constraints determined the maintenance possible. With regard to riparian cultivation he suggested further discussion with officers to identify any concerns in respective areas. Regarding the planting of different species such as camomile grass, Mr Hedley advised that alternatives would require additional funding however, the service would work with any communities to advise and create opportunities for alternative planting.

9.2 The Audit and Scrutiny Committee thanked officers for their attendance and suggested that they reflect on the need for communications to promote what the Council was trying to achieve within communities and why. For example, the 10 wildflower locations should be publicised, the maintenance regime for cemeteries explained and signage and information on biodiversity made available. Members wishing to discuss specific details further should set up an appropriate meeting with the Parks and Environment Manager. Members requiring further discussion at Area Partnership meetings should discuss with the Chairs of their respective Area Partnerships.

DECISION
NOTED that officers would reflect on the issue and advantages of communicating the various initiatives discussed.

10. **A & I SUPPORT TO COMMON RIDINGS & LOCAL FESTIVALS.**
There had been circulated copies of a report by the Service Director Assets and Infrastructure summarising the in-kind support that was provided to Common Ridings and local festivals by the Assets and Infrastructure Service. The Infrastructure Manager introduced the report and highlighted that the report related purely to assets and infrastructure. He explained that the scale of events and Council involvement varied widely and the report differentiated between advanced planning liaison and on the ground support prior to and following events. A breakdown of spend was provided at Appendix B to the report. The Manager clarified that the £46k was for barriers and cones, in addition £10k was for grass cutting and with officers' time events could cost in advance of £180k. In response to a question, Mr Young explained that costs varied dramatically depending on what was required, for example there could be a change to a ride out route which involved changes to the costs of barrier controls. The Chairman thanked officers for the report and clarification which had given an understanding of the scale and costs of Common Riding and Local Festival events.

DECISION
NOTED the clarification which gave a better understanding of the scale of costs for Common Ridings and Local Festivals, which could be reviewed as part of the budget planning process if Members were so minded.

The meeting concluded at 2.00 pm.