

SCOTTISH BORDERS COUNCIL AUDIT COMMITTEE

MINUTES of Meeting of the AUDIT
COMMITTEE held via Microsoft Teams on
Monday, 12 September 2022 at 10.15 am

- Present:- Councillors E. Thornton-Nicol (Chair), N. Richards (Vice-Chair), J. Anderson, P. Brown, J. Cox, M. Douglas, J. PatonDay, E. Robson, S. Scott, and F. Sinclair
- Apologies:- Ms H Barnett and Mr M Middlemiss.
- In Attendance:- Acting Chief Executive, Chief Officer Audit and Risk, Acting Chief Financial Officer, Corporate Risk Officer, Principal Internal Auditor, Chief Officer Scottish Borders Health and Social Care Partnership, Joint Manager Learning Disabilities Service, Clerk to the Council, Democratic Services Officer (W. Mohieddeen); Ms G. Woolman and Ms J. Law (Audit Scotland).

CHAIR'S REMARKS

The Chair advised that the meeting was the first held of the Audit Committee. The Chair wished to record her thanks to Michael Middlemiss and Hayley Barnett whose terms of office as external members of the Committee would come to an end on 31 October 2022.

ORDER OF BUSINESS

The Chair 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**
- 1.1 There had been circulated copies of the Minute of the Meeting of Audit and Scrutiny Committee held on 27 June 2022. The Chief Officer Audit and Risk advised that the Principal Internal Auditor had also been in attendance.
- 1.2 With reference to paragraph 3.3 of the Minute of the Meeting held on 27 June 2022, Ms Stacey highlighted that Mr Haseeb, Audit Scotland, advised that the annual audit report had a production target of 31 October 2022 and asked whether the report would be available for the next meeting of Audit Committee on 14 November 2022. Ms Gillian Woolman, Audit Scotland, advised that the reporting deadline was November 2022. Normally reports were signed off by 30 September, however this had been affected by backlogs caused by the Covid-19 pandemic. The Acting Chief Financial Officer advised that there may be a challenge in preparing the report for the 10-day deadline for reports being published for committees. The Chair advised that, for the 14 November 2022 meeting of the Audit Committee, the report would be accepted if circulated seven days prior to the meeting taking place.

DECISION AGREED:

- (a) **to accept circulation of the annual audit report seven days prior to the 14 November 2022 meeting of Audit Committee; and,**
- (b) **to approve the Minute for signature by the Chair subject to the change detailed above.**

2. AUDIT BUSINESS ACTION TRACKER

- 2.1 There had been circulated copies of the Audit Business Action Tracker which was presented by the Chief Officer Audit and Risk. With reference to paragraph 7 of the Minute of the Meeting held on 22 November 2021, a Business Continuity Project was underway where the Chief Officer Audit and Risk was a member of the Project Board to enable continuous Internal Audit follow-up work. There were delays to implementation of software while clarifications were being sought from the provider that software was GDPR compliant. Some recommendations from Internal Audit were scheduled for implementation at the end of September 2022 and meetings were being held over subsequent weeks where the rescheduled project plan would be reviewed. Discussions would take place with project board members to ensure actions associated with Internal Audit recommendations are scheduled.
- 2.2 With reference to paragraph 4 of the Minute of the Meeting held on 14 March 2022, the Chief Officer Audit and Risk advised that Directors received reports from the HR training team on uptake of e-learning mandatory modules to encourage staff to complete training. This was now routinely included as part of operational management arrangements.
- 2.3 With reference to paragraph 13 of the Minute of the Meeting held on 27 June 2022, the Chief Officer Audit and Risk advised of seminars and development sessions arranged for Members.
- 2.4 The Chair suggested that, with reference to paragraph 3 of the Minute of the Meeting held on 14 March 2022, a decision on removing the Progress Update on LDS Financial Management Recommendation action from the action tracker would be made after the update had been heard.

DECISION

- (a) **AGREED to remove completed actions from the Action Tracker; and,**
- (b) **NOTED the update.**

3. PROGRESS UPDATE ON LDS FINANCIAL MANAGEMENT RECOMMENDATION

- 3.1 With reference to paragraph 3 of the Minute of the Meeting held on 14 March 2022, Mr Chris Myers, Chief Officer Scottish Borders Health and Social Care Partnership, provided a verbal update on the Learning Disabilities Service Financial Management Recommendation progress. Mr Myers advised that progress on the final Internal Audit report recommendations relating to Learning Disabilities Service (LDS) work had been ongoing, further work was required on local assurances, and that Julie Hayward Consultancy was invited to give further views on progress which had been completed. Mr Myers advised that significant work had taken place since the March 2022 meeting of Audit and Scrutiny Committee, however, despite positive progress, expenditure was not in balance with available budget and work was ongoing to reduce spend. Further work was underway to complete outstanding actions, some of which did not sit with the Service but were being progressed. Progress was being monitored at monthly control meetings taking place at directorate level and at business unit level. The trajectory of expenditure was being monitored so that it was reduced while maintaining service for people with learning disabilities. Mr Myers advised that the Learning Disabilities Service was on a journey where

there was a much better control of the service and progression was being made on actions. Mr Simon Burt, Joint Manager Learning Disabilities Service, advised that there were two approaches taken to tackle the problem which incorporated ensuring that not too much was being paid for elements of the services comparable to other local authorities, and making sure that the appropriate volume of support for service users was being paid for, to allow people to be as independent as they could. Staff were engaged to contribute to solutions so that changes were not entirely management-led. Processes were in place to support Social Workers to take information to support panels where requests were heard to put support in place to allow people to be independent.

- 3.2 Mr Burt and Mr Myers responded to questions from Members. Regarding duplication in transition planning, Mr Burt advised that a transitions project led by a funded project officer had reported a couple of years ago that there were a number of legal requirements for various support plans, while an individual could require a single support plan that may contain different elements. This had not been achieved. However when an adult support plan was prepared as far in advance before an individual turned 18 years-old, a multidisciplinary approach was taken for transition to adulthood services and duplication was avoided as far as possible. Ms Stacey advised that timings of the Internal Audit recommendation completion were reviewed with ongoing discussions with Mr Myers and Mr Burt, and that monthly meetings took place with the Section 95 Officer (the Acting Chief Financial Officer) to gain insights of the financial pressures on LDS. Mr Burt advised that the number of those with very complex needs transitioning to adulthood was low although increasing and the solutions they required could be very expensive. Work was ongoing looking at how the Health and Social Care Partnership assessed what needed to be commissioned to support people with complex needs so that plans would be in place for when individuals reach adulthood. A report concerning a project based in Tweedbank for supporting people with complex needs in the Borders would be presented to Scottish Borders Council in the near future.
- 3.3 Mr Burt advised that, regarding planning for who required support for complex needs, the service knew of children requiring support for transitions at 14 years-old. However it sometimes would not be clear what support they would need until they approached 18 years-old, which would necessitate meetings to track the needs of an individual. Regarding financial pressures, Mr Burt advised that there was a cost pressure of approximately £625,000 if all £490,000 targeted savings in the financial plan were made. The whole saving was unlikely to be met within the financial year, however there was confidence a significant amount of savings could be made. Savings had been made through the review of day services and further savings may be made from reviewing care packages. The LDS aimed to review everyone's care within two years, however reviews had been limited due to there not being a fully staffed service in place. On average 67% of people were being reviewed within two years. With regards to service delivery contracts from third-party providers, Mr Burt advised that the Scottish Government had a framework where rates were set and the LDS generally paid below the Scotland Excel framework rate. Furthermore, providers used by the Service were rated highly by the Care Inspectorate. Before the Covid-19 pandemic, there would be an LDS manager assigned to a contracted provider that would assess day-to-day problems and hold regular meetings with providers to assess contracts. That work had stopped during the pandemic but was due to restart again so that contract performance could be assessed. The Acting Chief Financial Officer advised that the financial risk from the Learning Disabilities Service on the Council was lower than it had been due to significant Scottish Government funding to support IJB services.
- 3.4 The Chair suggested that the LDS Financial Recommendation remained on the action tracker and an update come to the Audit Committee in six months' time and requested that the Julie Hayward Consultancy reports be circulated to committee members.

DECISION

(a) AGREED:

- (i) to circulate the update report on Learning Disabilities Service to members of the Audit Committee;**
- (ii) to keep the LDS Financial Recommendation action on the Audit Business Action Tracker.**

(b) NOTED the verbal update.

4. PROPOSED SCHEDULE OF RISK IN SERVICES PRESENTATIONS BY DIRECTORS 2022-23

With reference to paragraph 6 of the Minute of the Meeting held on 14 March 2022, there had been circulated copies of a report by Chief Officer Audit and Risk that provided members of the Audit Committee with the proposed schedule for Directors' presentations on Risk Management in Services to enable the committee to fulfil its remit effectively. It was important that the Audit Committee, as a foundation for sound corporate governance, was able to demonstrate its effectiveness as a scrutiny body to the Council. One of the Audit Committee's functions was to assess the adequacy and effectiveness of the Council's risk management arrangements. One of the lessons learned within the Audit and Scrutiny Committee Annual/End of Term Report 2021-22 on how it had effectively fulfilled its Audit functions was "Gain insights on the efficacy of the Council's risk management framework through a schedule of Directors' presentations on risk and mitigations within their areas of responsibility." This report outlined the proposed schedule for Directors' presentations on Risk Management in Services to enable the Audit Committee to fulfil its risk management function effectively.

DECISION

- (a) AGREED the schedule for Directors' presentations on Risk Management in Services set out in paragraph 4.3 of the report to enable the Audit Committee to fulfil its risk management function effectively; and,**
- (b) NOTED that a refresh of the Corporate Risk Register was underway and would be completed in advance of the first scheduled Director presentation to ensure consistency in approach and format.**

5. INTERNAL AUDIT WORK TO JULY 2022

With reference to paragraph 4 of the Minute of the Meeting of Audit and Scrutiny Committee held on 27 June 2022, there had been circulated copies of a report by the Chief Officer Audit and Risk that provided members of the Audit 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 in the period from 1 April to 31 July 2022 associated with the delivery of the approved Internal Audit Annual Plan 2022-23 was detailed in this report. A total of five final Internal Audit reports had been issued. There were seven recommendations made associated with three of the reports (two Medium-rated; five Low-rated). An Executive Summary of the final Internal Audit assurance 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 shown in Appendix 1 to this report. The SBC Internal Audit function conformed to the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) (2017) including the production of the

report to communicate the results of the reviews. The Chief Officer Audit and Risk referred to the Internal Audit Consultancy Work and Assurance work in progress and highlighted key messages of assurance and areas of improvement associated with the Executive Summary of each of the five final Internal Audit reports in Appendix 1. This covered: Contract Management - Strategic Contracts CGI and Live Borders; Attendance Management; Performance Management (Local Government Benchmarking Framework); Schools Budgets (Devolved Schools Management); and Winter Service.

**DECISION
NOTED:**

- (a) the Executive Summaries of the final Internal Audit assurance reports issued in the period from 1 April to 31 July 2022 associated with the delivery of the approved Internal Audit Annual Plan 2022-23;**
- (b) the Internal Audit Consultancy and Other Work carried out in accordance with the approved Internal Audit Charter; and,**
- (c) the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work.**

6. AUDIT SCOTLAND NATIONAL FRAUD REPORTS 2022

With reference to paragraph 7 of the Minute of the Meeting of Audit and Scrutiny Committee held on 20 September 2021, there had been circulated copies of a report by Chief Officer Audit and Risk that provided members with recently published counter fraud reports by Audit Scotland and the Management Actions required in response for improvement and assurance purposes. Having robust fraud prevention and investigation arrangements in place contributed to safeguarding the Council's financial resources, for delivery of services, as part of protecting the public purse. A focus on prevention and detection and promotion of a counter fraud culture across the Council to improve its resilience to fraud, taking account of reducing resources, were associated with the Counter Fraud Strategy 2021-2024 that was approved by Council in December 2021. The purpose of the Integrity Group was to improve the Council's resilience to fraud, theft, corruption, and crime. One way it could achieve that was self-assessing the Council's arrangements against best practice and agreeing any appropriate actions to continuously improve the arrangements in place. The report referred to national fraud reports published by Audit Scotland, which set out recommendations for public sector organisations. Part of the Audit 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. Ms Woolman advised that the National Fraud Initiative was a UK-wide exercise overseen by the Cabinet Office and took place over two years. Most public sector bodies including Audit Scotland took part in the initiative. The National Fraud Initiative report had gone to the Public Audit Committee of the Scottish Parliament and was subject to discussion there every two years. The Chief Officer Audit and Risk advised that Scottish Borders Council was part of the Scottish Local Authorities Investigators Group where information could be shared and information and outcomes of the National Fraud Initiative was shared to aid planning of future exercises.

DECISION

- (a) NOTED the Audit Scotland National Fraud Reports published in recent months;**
- (b) AGREED:**
 - (i) to endorse the tasks being undertaken by the Integrity Group, associated with the recently published counter fraud reports by Audit Scotland, as set**

out in Action Plans in paragraphs 4.6 and 4.7 of the report; and,

- (ii) to request that the Integrity Group reported back to the Audit Committee on its findings and proposed further actions arising from these tasks.

7. **ANY OTHER BUSINESS/ITEMS WHICH THE CHAIR DECIDES ARE URGENT**

7.1 Councillor Anderson requested that the next meeting of the Audit Committee be held in-person to allow new members of the Committee to speak to officers and more experienced members about Audit Committee business as part of their learning of their role. The Chair advised that this could be considered in future and that it may also be advisable to hold an in-person training meeting before a meeting of Audit Committee so that any questions may also be asked. The Chief Officer Audit and Risk advised that options for in-person development sessions would be considered.

7.2 The Chair requested that members encouraged interested parties to consider vacancies for the external member positions of the Audit Committee. The Chief Officer Audit and Risk advised she was happy to speak to anyone interested in the roles if they wished for more information.

The meeting concluded at 12.00 noon.