

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 21 November 2024.

Present:

Councillor Andrew Morrison (Chair)
Councillor Paul Edlin

Councillor Annette Ireland *
Provost Mary Montague *

Councillor Morrison in the Chair

(*) indicates remote attendance

Attending:

Jamie Reid, Head of Communities and Transformation; Michelle Blair, Chief Auditor; Barbara Clark, Chief Accountant; Alison Ballingall, Senior Revenues Manager; Kath McCormack, HR Manager; Liona Allison, Information and Improvement Officer; Linda Hutchison, Clerk to the Committee; and Lesleyann Burns, Assistant Democratic Services Officer.

Also Attending:

Grace Scanlin, Ernst and Young *.

Apologies

Councillors Tony Buchanan, David Macdonald and Gordon Wallace.

DECLARATIONS OF INTEREST

1044. There were no declarations of interest intimated.

CHAIR'S REPORT – SELF EVALUATION OF COMMITTEE

1045. Councillor Morrison reported that, in line with the Committee's Work Plan, work was about to commence on the Committee's self-evaluation, taking account of guidance on this available from the Chartered Institute of Public Finance and Accountancy (CIPFA). He clarified that further information on this would be sent to Members in due course.

The Committee noted the report.

BREAKFAST CART SERVICE AT NEILSTON PRIMARY SCHOOL – CLARIFICATION

1046. Under reference to the Minute of the meeting of 8 August 2024 (Page 906, Item 906 refers), when it had been agreed that further clarification be sought on whether or not any progress on the provision of dedicated central funding by the Scottish Government for breakfast provision for primary school pupils was likely to be made by the Scottish Government during the forthcoming year, and also the current cost of the Breakfast Cart Service at Neilston Primary School as an example of the cost at present, the Committee considered a report by the Clerk summarising the clarification received and circulated on these issues.

The Committee noted the position.

INTERIM TREASURY MANAGEMENT REPORT 2024/25 – QUARTER 2

1047. Under reference to the Minute of the meeting of 26 September 2024 (Page 906, Item 907 refers), when it had been agreed to note the Interim Treasury Management Report for Quarter 1 of 2024/25 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 Finance (Chief Financial Officer) on treasury management activities for the second Quarter 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 July to September 2024 was attached to the report for consideration.

Whilst highlighting key issues, 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 September 2024 that had variable interest rates was 7.2% which was well below the Council's approved upper limit of 15%.

Having commented on short term investments which had decreased 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, and that the "debt per dwelling" indicator had decreased reflecting the proposed increase in affordable housing during the current year.

Finally, the Chief Accountant commented on amendments to the Council's list of counterparties, confirming it had not changed from the one in the report for Quarter 1, other than to reflect the completion of the recent takeover of the Clydesdale and Virgin Money Bank by the Nationwide Group. 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.

Councillor Ireland sought clarification on two of the prudential indicators. In response, the Chief Accountant quantified movements in terms of capital expenditure from the current to next financial year due to revised planning of capital projects within both the Housing and General Fund Capital Programmes. She also commented on issues pertaining to reserves, including why it was prudent at times to use these rather than borrow funds, that use of reserves was not sustainable in the longer term, and how the temporary investments the Council had had reduced in recent years.

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.

SUMMARY OF EARLY RETIREMENT/REDUNDANCY COSTS TO 31 MARCH 2024

1048. Under reference to the Minute of the meeting of 18 January 2024 (Page 728, Item 707 refers), when early retirements/redundancies to 31 March 2024 had been discussed, the Committee considered a report by the Director of Business Operations and Partnerships summarising the position on early retirement/redundancy costs from 1 April 2023 to 31 March 2024 and related issues. Information on the total costs incurred and projected savings was provided.

Whilst commenting on the report, the HR Manager clarified that redundancies continued to be assessed on a financial business case basis, and referred to related costs and savings achievable which depended on the individual circumstances of each employee concerned.

The Committee noted the report.

NATIONAL FRAUD INITIATIVE - UPDATE

1049. Under reference to the Minute of the meeting of 26 September 2023 (Page 642, Item 597 refers), when a report on the National Fraud Initiative (NFI) in Scotland had been noted, the Committee considered a report by the Director of Business Operations and Partnerships providing an update on an Audit Scotland Report *The National Fraud Initiative in Scotland 2024* and related work carried out by the Council in 2023/24.

The report highlighted that the Council had an effective approach to the NFI as confirmed by the External Auditor, confirming that a range of services participated in this exercise biennially on which a report was submitted to the Committee. Having summarised the aims of the NFI counter-fraud exercise and keys to its success, the report confirmed that the Council had a single point of contact for the NFI and a well-established internal network of departmental contacts who were responsible for comparing their own data sets, and subsequent recovery and follow up action. Mitigating potential fraud was a matter for each service area.

Having summarised the findings of the Audit Scotland report, reference was made to the 2,810 potential matches within the Council reported through the 2022/23 NFI exercise, data received subsequently and related issues and work progressed within the Council. The report also referred to related initiatives, commented that the Council was a member of various networks which circulated and shared information about potential scams and frauds, and explained that information was shared routinely across services for learning and development purposes.

In terms of next steps, it was confirmed that the NFI exercise for 2022/23 had been completed with the exception of work on Business Rates, that outcomes had been recorded and audited with Audit Scotland having compiled a related report, and that the next stage would be to start the 2024/25 exercise during 2025. It was concluded that the Council had a robust and effective approach to the NFI, complemented by existing fraud prevention measures.

Whilst commenting on the report, the Senior Revenues Manager confirmed the importance of the work done on the NFI and referred to related work progressed locally which helped increase confidence that local resources were not being misused. She emphasised that the Council took a robust and effective approach to the NFI.

The Committee noted the action taken in respect of the National Fraud Initiative in East Renfrewshire Council.

MANAGING THE RISK OF FRAUD AND CORRUPTION – FRAUD RESPONSE STATEMENT 2023/24

1050. Under reference to the Minute of the meeting of 26 September 2023 (Page 643, Page 598 refers), when a report on the Council's Fraud Response Statement 2022/23 had been noted, the Committee considered a report by the Chief Executive regarding the Council's Fraud Response Statement 2023/24, and providing an overview of measures in place across the Council to address anti-fraud, bribery and theft and manage the risk of fraud and corruption.

The report highlighted the authority's commitment to fighting fraud and bribery to help protect public funds, referred to the expectation that various stakeholders both within and out-with the Council would act with integrity and without the intention to commit fraud or bribery, and commented on related issues. Having referred to a revised Anti-Fraud, Bribery and Theft Strategy approved by the Corporate Management Team in December 2022 which promoted a zero tolerance attitude to fraud, in line with previous years, the annual Fraud Response Statement provided an updated overview of measures in place to address Anti-Fraud, Bribery and Theft and of work undertaken during 2023/24.

The report outlined the position on various measures in place to address anti-fraud, bribery and theft, referring to issues relating to governance; ICT and cyber-crime; procurement; and payment, insurance, payroll and HR. Related reporting arrangements and potential frauds were also amongst issues commented on. It was concluded that the report provided evidence to demonstrate full compliance with the Code of Corporate Governance.

Having heard the Senior Revenues Manager refer to the main purpose of the report, in response to Provost Montague, she explained that further clarification could be sought following the meeting on the appropriate steps being taken to minimise the risk within the Council linked to the growing concern reported that organised crime was engaging in procurement fraud; and on the checks being undertaken to address potential links between council officers and contractors used.

The Committee agreed:-

- (a) in relation to the growing concern reported that organised crime was engaging in procurement fraud, that further clarification be provided on the appropriate steps being taken to minimise the risk of this within the Council;
- (b) also regarding procurement, that further clarification be provided on the checks being undertaken to address the potential for links between council officers and contractors used; and
- (c) otherwise, to note the content of the Fraud Response Statement, the work being undertaken across the Council in relation to managing the risk of fraud and corruption, and the related reporting already taking place.

NATIONAL EXTERNAL AUDIT REPORT - TACKLING DIGITAL EXCLUSION

1051. The Committee considered a report by the Clerk on the publication in August 2024 of a report by Audit Scotland entitled *Tackling Digital Exclusion*. Under the Committee's specialisation arrangements, Councillor Morrison was leading the review of the report. The Director of Business Partnerships and Operations had been asked to provide comments and a copy of her feedback was appended to the report.

The seven key messages within the Audit Scotland report were itemised which included that digital technology had brought benefits to many of Scotland's people and communities; and that all public bodies had a responsibility for enabling digital inclusion in their programmes for reform. It was explained that Audit Scotland had set out several related recommendations for public bodies, three of which related specifically to councils.

The report summarised how the Council was responding to the requirement to build digital inclusion considerations into strategies and reform, aligned with Scottish Digital Services Standards, and how it carried out equality and human rights impact assessments. It explained that the Council had existing arrangements in place to provide clear digital and non-digital methods which people could use to access services they needed. Finally, it was explained that the Council had existing arrangements in place, but would also continue to consider digital exclusion in future strategy and policy developments, taking account of the need to work with partners to develop a clear approach to this based on an understanding of digital exclusion locally; and continued to map out local resources and assets across the public, private and third sectors providing clear routes to digital support and accessible information on the support available to local communities.

Reference was also made to recent initial discussions with officers at Renfrewshire Council which had highlighted a potential opportunity for cross-authority collaboration around their work on keeping people safe, confident and protected online via *RenSafeOnline Ambassadors*, which would be explored further.

It was concluded that the Council was making good progress on addressing the recommendations in the Audit Scotland report, and would continue to consider both digital and non-digital options in strategy and service design, working with partners to provide clear routes to accessible information for East Renfrewshire residents.

Whilst commenting on the report and progress being made, the Head of Communities and Transformation emphasised that local residents had access to other options when pursuing issues digitally was not their first choice, the aim being to offer a range of options. Whilst referring to the East Renfrewshire Digital Inclusion Partnership, he clarified that it was implementing an action plan developed around four priorities agreed by the partners, one of which was providing a blended approach to digital engagement and capacity building. On specific issues, he commented on increasing concerns amongst residents regarding on-line scams and the development of a related leaflet about this; and the opportunity identified to consider collaborative work with Renfrewshire Council as referred to in the report.

In response to Councillor Ireland, the Head of Communities and Transformation undertook to provide further clarification on the approximate number of people taking advantage of digital literacy training available, commenting on the increased demand for this during the pandemic. Also in response to her, he confirmed that ways of addressing equality issues, including the potential exclusion of those with disabilities, were always kept in mind.

Provost Montague requested sight of the leaflet regarding on-line scams, referring to the importance of ensuring that the font size within it was of a sufficient scale for ease of reading, taking account of the range of issues to be covered within it.

Having referred to existing initiatives to recycle laptops, she suggested that the recycling of mobile phones be explored, to complement other work being done aimed at helping to reduce social isolation.

On a more general issue regarding internet usage, the Head of Communities and Transformation reported that over 90% of East Renfrewshire residents over the age of 65 were internet users, this being well above the national average of 72%. He also referred to work with refugees, and the commitment to digital inclusion within the East Renfrewshire Community Planning Partnership's new vision *A Place to Grow*.

Councillor Ireland welcomed the developments reported, and the collaborative work with Renfrewshire Council being explored. Regarding the latter, the Head of Communities and Transformation reported that it was too early to say when that work would come to fruition.

The Committee agreed:-

- (a) that the Head of Communities and Transformation:-
 - (i) provide further clarification on the approximate number of people taking advantage of digital literacy training available;
 - (ii) relay to those developing a leaflet on on-line scams, a view expressed regarding the importance of ensuring that the font size was of a sufficient scale for ease of reading, and in due course circulate a copy of the leaflet to Elected Members; and
 - (iii) pass on to the East Renfrewshire Digital Inclusion Partnership, a suggestion made to consider exploring the recycling of mobile phones for use to help reduce social isolation; and
- (b) otherwise, to note the report and related comments.

INTERNAL AUDIT PLAN 2024/25 - IMPLEMENTATION PROGRESS – JULY TO SEPTEMBER 2024 (QUARTER 2)

1052. Under reference to the Minute of the meeting of 28 March 2024 (Page 811, Item 799 refers), when the Internal Audit Strategic Plan for 2024/25 to 2028/29 had been approved, the Committee considered a report by the Chief Auditor regarding progress made on the implementation of the Plan from 1 July to 30 September 2024.

It was confirmed that seven reports relating to planned 2024/25 audit work had been issued since the last progress report had been considered. Reference was also made to the quarterly performance indicators (PIs) for the section. No new requests for assistance were dealt with using contingency time during the quarter, but work remained ongoing on previous issues raised and investigated using the provision made for contingency.

The Chief Auditor highlighted various issues, during which she clarified that good progress was being made on implementing the Internal Audit Plan. She reported that there had been no significant findings from the audits undertaken, but drew the Committee's attention to issues relating to the St Ninians cluster, Accounts Receivable and Accounts Payable audits. Regarding various follow-up audits done, she confirmed that really good progress had been made on implementing previously agreed recommendations. She confirmed that the section was currently meeting all of its PI standards.

In response to Councillor Morrison regarding the Payroll Audit, the Chief Auditor confirmed issues reviewed regarding the use of overtime, reporting that further audit work on overtime issues would form part of a future audit.

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

CHAIR

