

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 19 June 2025.

Present:

Councillor Andrew Morrison (Chair)
Councillor Tony Buchanan (Vice Chair)
Councillor Paul Edlin

Councillor David Macdonald
Provost Mary Montague
Councillor Gordon Wallace

Councillor Morrison in the Chair

Attending:

Louise Pringle, Director of Business Operations and Partnerships; Kirsty Stanners, Head of Finance (Chief Financial Officer); Michelle Blair, Chief Auditor; Barbara Clark, Chief Accountant; Alison Ballingall, Senior Revenues Manager; Morag Brown, Strategic Services Senior Lead; Aidan Holligan, Strategic Services Assistant; Linda Hutchison, Senior Democratic Services Officer; and Bethany Mitchell, Assistant Democratic Services Officer.

Also Attending:

Grace Scanlin, Ernst and Young.

Apology:

Councillor Annette Ireland.

DECLARATIONS OF INTEREST

1243. There were no declarations of interest intimated.

CHAIR'S REPORT – VARIOUS ISSUES

1244. The following matters were raised during the Chair's report:-

(i) Meeting with External Auditor

Councillor Morrison reported that he had met with Grace Scanlin of the External Audit Team earlier in the week at which a range of issues had been discussed, including progress regarding the audit of the financial statements to 31 March 2025, and the impact of new International Financial Reporting Standards (IFRS) on these.

On a related issue, he highlighted that, arising from the Committee's self-assessment, it had been recommended that members of the Committee attend the private meeting

with the External Auditor in August or September prior to the Committee considering the final Annual Accounts and draft Annual Audit Report. Subject to formal approval of that recommendation by the Committee later in the meeting when the outcome of the self-assessment would be considered, discussions on this would be pursued.

(ii) Chief Accountant

Councillor Morrison highlighted the forthcoming retirement of the Chief Accountant who was attending her final meeting of the Committee. On behalf of the Committee, he thanked her for the support she had provided to it over many years, and wished her a long and very happy retirement.

The Committee noted the report.

UNAUDITED ANNUAL ACCOUNTS FOR 2024/25

1245. Under reference to the Minute of the meeting of 27 March 2025 (Page 1124, Item 1163 refers), when the 2024/25 Annual Audit Plan and timetable for publication of related documents had been noted, the Committee considered a report by the Head of Finance (Chief Financial Officer) on the unaudited Annual Accounts for 2024/25 which had been submitted for audit to Ernst & Young, and were attached to the report for consideration in line with the Local Authority Accounts (Scotland) Regulations 2014.

It was reported that the Council's financial affairs had again been managed within its operational budget, returning departmental budget surpluses totalling £2.5m, in line with what had been reported to Cabinet in March 2025, the main reasons for which were itemised. This had enabled the transfer of £1m to the Capital Reserve, as anticipated in the report on the Revenue Estimates submitted to the Council in February 2025. The balance of £1.5m had been retained in the Council's un-earmarked General Reserve, increasing this to 2.7% of the overall 2024/25 budgeted net revenue expenditure and 2.5% of the 2025/26 budgeted net revenue expenditure.

It was confirmed that the Council's overall General Fund reserve balances as at 31 March 2025 totalled £45.852m, which represented an increase of £4.086m from 2024/25, the reasons for which were summarised. This was comparable with the budgeted position of a reduction of £8.477m, representing an improved in-year position of £12.563m. £65.394m of Capital expenditure had been invested across both General Fund and Housing Revenue Account (HRA) projects. There had been an operating surplus of £0.831m on the HRA, which had increased the accumulated surplus balance to carry forward to £2.483m.

The Chief Accountant commented on key aspects of the report, including the proposed transfer of £1.0m to the Capital Reserve, the level of un-earmarked General Reserve which adhered to the Council's Reserve Policy, and the main reasons savings had been achieved. She also commented further on investment of Capital expenditure and the HRA surplus which was mainly attributable to a pension windfall, with further detail set out in the Management Commentary.

Councillor Morrison thanked all of those involved in the preparation of the draft Annual Accounts. In response to him, the Chief Accountant clarified why the number of teachers reported to have earned £50,000 and over had fallen quite substantially in 2024/25 compared to the previous year, which was due to a number having fallen under a higher tax bracket in 2023/24 on receipt of back pay for 2022/23.

In response to Councillor Edlin who raised an issue about debtors, the Head of Finance (Chief Financial Officer) explained that the increase in trade receivables reported between years was due to short term fluctuations and timing issues. The Chief Accountant undertook to provide

some further clarification on this for circulation. Also in response to him, the Chief Accountant undertook to seek and provide further clarification on investment returns between years in relation to the Strathclyde Pension Fund for circulation.

Responding to a query from Councillor Wallace, the Head of Finance (Chief Financial Officer) commented that achieving departmental budget surpluses totalling £2.5m was a good outcome, referring to related issues and highlighting that many local authorities had budget overspends. Ms Scanlin commented that the result reflected good financial discipline.

In response to Councillor Morrison, the Head of Finance (Chief Financial Officer) referred to CIPFA's view, which remained unchanged, on the level of unearmarked Reserves that should be maintained relative to the level of budgeted net revenue expenditure, indicating that it would be beneficial to increase the current level a little but not by too much when budgetary gaps existed.

The Committed agreed:-

- (a) that the Chief Accountant provide further clarification on issues raised regarding debtor movements between years; and movement in investment returns in relation to the Strathclyde Pension Fund for circulation to members of the Committee; and
- (b) otherwise, to note the content of the unaudited Annual Accounts for 2024/25 in respect of which a report on the final Accounts and related documents would be submitted to a future meeting of the Committee.

CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT

1246. Under reference to the Minute of the meeting 20 June 2024 (Page 885, Item 880 refers), when the Code of Corporate Governance actions for 2024/25 had been approved, the Committee considered a report by the Director of Business Operations and Partnerships providing an update on progress against improvement actions since then, and seeking approval of a new Code for 2024/25 and to recommend to the Council approval of the draft Annual Governance Statement (AGS).

The report reiterated the Council's responsibilities for the conduct of its business, defined what the Code of Corporate Governance was, and explained that the proposed updates took account of guidance from CIPFA and the Society of Local Authority Chief Executives (SOLACE), *Delivering Good Governance in Local Government*. It also itemised requirements with which the Council should comply under the framework.

The report summarised progress on the 2024/25 actions, highlighting that seven improvement actions listed had been completed and those carried forward into the 2025/26 Plan. The updated Code for 2025/26, setting out arrangements which demonstrated how the Council fulfilled the seven governance principles outlined in national guidance, was appended to the report. Self-assessment against the nationally prescribed criteria had found the Council to be mostly fully compliant across the principles, other than in a small number of areas where there was partial compliance pending actions being taken over the forthcoming months. Several new actions had been identified to further improve compliance with the Code.

Having commented on the draft AGS to be published in the Annual Audit Report and Accounts later in the year, the report concluded that the Council was governed by sound and effective internal management controls, and continued to demonstrate compliance with the requirements of the CIPFA/SOLACE framework. Progress on planned actions for 2024/25 had been posted on the Council's website, as would the 2025/26 Code, subject to it being approved by the Committee.

The Strategic Services Senior Lead highlighted key issues within the report, during which she confirmed that the CIPFA/SOLACE framework remained unchanged, and emphasised the importance of the Council's Corporate Governance arrangements. Having provided further clarification on the action taken, or to be taken, to deliver full compliance with the Code, she also commented on the draft AGS.

Provost Montague commended a range of good engagement work with citizens and groups, but suggested that further engagement at a grass roots level with neighbourhoods might be merited on what was being done and to gather views on issues. The Director of Business Operations and Partnerships emphasised that the importance of communication was recognised and a key aspect of A Place to Grow, citing examples of ways in which communication was taking place and being improved to demonstrate commitment to this. Examples provided included collaboration with Voluntary Action East Renfrewshire on digital notice boards, community learning and development work, participatory budgeting on grants, and officer training on communication.

In reply to Councillor Morrison, it was confirmed that a report would be submitted to the full Council on the outcome of the review of the Scheme of Delegated Functions and Scheme of Administration when the Working Group established to review these and some other governance documents had concluded its work. It was clarified that the Group's membership included one member of each political group and a representative of the Independent Elected Members.

The Committee agreed to:-

- (a) note progress on the 2024/25 Code of Corporate Governance improvement actions;
- (b) approve the Code of Corporate Governance updates and actions for 2025/26; and
- (c) to recommend to the Council the approval of the 2024/25 Annual Governance Statement.

NATIONAL EXTERNAL AUDIT REPORT – A REVIEW OF HOUSING BENEFIT OVERPAYMENTS 2018/19 TO 2021/22: A THEMATIC STUDY

1247. The Committee considered a report by the Clerk on the publication in February 2025 of a report by Audit Scotland entitled *A Review of Housing Benefit Overpayments 2018/19 to 2021/22: A Thematic Study*. Under the Committee's specialisation arrangements, Councillor Macdonald was leading the review of the report. The Director of Business Operations and Partnerships had been asked to provide comments, and a copy of that feedback was appended to the report.

Having summarised issues commented on in the Audit Scotland report, the report provided an update on the local position, referring to the complexity and frequently changing issue of benefits, and highlighting that national delays regarding implementation of Universal Credit (UC) had resulted in Housing Benefit caseloads being maintained for far longer than predicted. It was concluded that the Council continued to focus on the collection of Housing Benefit debt, which it was recognised was one of the most challenging to collect due to customers on low incomes, with collection challenges exacerbated by the move to UC. Having itemised other circumstances which had impacted on such debt, it was reported that performance had improved with collection above average in Scotland. The Council already followed best

practice identified by Audit Scotland, but planned to review and implement Audit Scotland recommendations where feasible within resourcing constraints.

Whilst commenting on the report, Councillor Macdonald emphasised that the Council had responded comprehensively and positively to the recommendations made, with many of the arrangements proposed being in place already. He welcomed the Council's performance level compared to the national average, reflecting improvements made year on year in this complex area of work. Councillor Morrison supported the observations made.

The Committee noted the report.

INTERNAL AUDIT ANNUAL REPORT 2024/25

1248. The Committee considered a report by the Chief Auditor regarding the annual report on the activities of Internal Audit during 2024/25, 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 2024/25.

The Chief Auditor commented that it had been a successful year for the section, with all audits in the 2024/25 Internal Audit Plan having been completed, except one which had been deferred. She confirmed that 24 reports had been issued relating to planned 2024/25 audit work, satisfactory responses having been received where the dates for these had passed and all recommendations having been accepted by management.

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 reported that 100 days had been used for contingency to deal with 7 issues, none having resulted in a financial loss to the Council. Recommendations had been made, where applicable, to improve existing processes.

Regarding the Public Sector Internal Audit Standards (PSIAS), she referred to the most recent external assessment completed which had been the subject of a report to the Committee in January 2024 on the resulting Quality Assurance Improvement Plan, a copy of which was appended to the report. She clarified that 1 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, reasons for which were specified in the Annual 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 2025.

Councillor Morrison welcomed the content of the report, thanking the Chief Auditor and her team for their work and support to the Committee. In response to Councillor Wallace, the Chief Auditor confirmed that having a full team had been instrumental in implementing the Plan, and clarified issues that impacted on the performance indicator on the cost of Internal Audit per productive day. In response to Councillor Edlin, she clarified that the number of audit days spent on Integration Joint Board and Health and Social Care Partnership related work was similar to that of other local authorities. Reference was made to Councillor Macdonald's membership of the IJB Performance and Audit Committee as a co-optee.

The Committee agreed:-

1202

- (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 2024/25 and associated comments made.

AUDIT AND SCRUTINY COMMITTEE – OUTCOME OF SELF-ASSESSMENT

1249. Under reference to the Minute of the meeting of 8 May 2025 (Page 1159, Item 1198 refers), when it had been noted that discussions on the Committee's self-assessment were ongoing, the Committee considered a report by the Clerk on the outcome of the self-assessment and seeking approval of the observations and recommendations made by the Committee arising from it.

It was explained that in June 2022 the Committee had agreed to undertake two self-assessments prior to the Local Government elections in 2027, one midway through the Administration and one towards the end of it. The report confirmed that the mid-Administration review had commenced in January 2025, and referred to the value of such exercises, the approach adopted and questionnaires used by the Committee. On the basis of the outcome, a list of observations and recommendations on matters where the Committee considered there to be scope to improve had been prepared as referred to in a related Action Plan, a copy of which was appended to the report for consideration. It was highlighted that progress on implementation of the Action Plan would be reviewed by the Committee in due course.

Having heard the Clerk comment on the self-assessment, Councillor Wallace sought observations of the Head of Finance (Chief Financial Officer) on the Committee's performance. She stated that the self-assessment had been very thorough, and commented on the contribution to it made by Elected Members which fulfilled the requirement to complete the review. Whilst welcoming the Action Plan, she expressed the opinion that it should not detract from the fact that, in the majority of areas, the Committee was already compliant with best practice. She suggested that members of the Committee should be proud of what they were doing, which included asking a range of good questions, adding that the Committee's meetings were well organised.

Referring to aspects of the report which covered requests for further information and feedback on issues, Councillor Morrison reiterated a point made by him and officers on a number of previous occasions and which was reflected in the Action Plan. This was that advance notice of questions or issues on which members of the Committee intended to seek clarification or feedback was helpful and appreciated, especially as some of the areas considered by the Committee were very complex in nature, such as the Annual Accounts. He stressed that this would increase the likelihood of a comprehensive response being able to be provided which met the needs of the Committee.

Councillor Wallace, supported by Councillor Morrison, thanked the Clerk for her work in support of the Committee.

The Committee agreed:-

- (a) to approve the summary of observations and recommendations made arising from its self-assessment, and that the recommendations for improvement be implemented in accordance with the Action Plan in Appendix 2 of the report;
- (b) to review progress with implementation of the recommendations in due course; and

- (c) to note that it was intended to complete a further self-assessment in late 2026/early 2027, prior to the Local Government elections in May 2027.

CHAIR

