

To: **Audit, Risk & Scrutiny Board**

On: **21 August 2023**

Report by: Director of Finance & Resources

Heading: **AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT
2022/23 AND ANNUAL PROGRAMME 2022/23 - 2023/24**

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2022 to May 2023 when the Audit, Risk & Scrutiny Board met five times. The report is submitted to the Board in terms of the Council's Code of Corporate Governance.
- 1.2 During the course of the year members looked at various subjects, including annual reports from other bodies and considered reports from the Chief Auditor and other audit-related matters.
- 1.3 Scrutiny enables members to review decisions, policies and performance that affect the Council and helps to ensure that the services and policies meet the Council's aims and standards. The scrutiny process not only provides a means of reviewing the Council's own services but enables examination of services provided by other organisations on issues causing public concern.
- 1.4 The Audit, Risk & Scrutiny Board prepares an annual programme which may include consideration of routine reports, as well as areas of specific investigation. This report highlights the issues encountered this year and updates Members on the progress of the Annual Programme for 2022/23 and highlights the programme for 2023/24.

2 Recommendation

- (a) That the Audit, Risk & Scrutiny Board annual report 2022/23 be noted; and
 - (b) That the Audit, Risk & Scrutiny Board Annual Programme for 2023/24 be agreed.
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3 Annual Programme of Reviews

- 3.1 The guidelines for the Board's operation suggest that in relation to (a) scrutiny of service delivery and performance and (b) monitoring and reviewing service delivery, performance, policies and practices, the Board may select particular areas for investigation as part of its annual programme, thereafter making recommendations to the Council. In relation to the Council's role in community leadership, the guidelines recognise that this is not clear cut and requires to be considered carefully to ensure that the respective functions and responsibilities of other public bodies are not compromised but that the Board allows the Council to provide a forum for an informed public debate on these issues.

Progress of Annual Programme 2022/23

- 3.2 The 2022/23 Annual Programme was agreed at the Audit, Risk & Scrutiny Board on 22 August 2022. The following reviews went forward as part of the Annual Programme of Reviews for 2022/23:
 - Charges for bulk items uplift for the elderly;
 - Lack of house and garden maintenance by some tenants and residents;
 - Neighbour Disputes; and
 - Lead Piping in Public and Private Housing in Renfrewshire.
- 3.3 At the Audit, Risk & Scrutiny Board meeting held on 15 November 2021 it was agreed to include a new review as part of the Annual Programme 2021/22 relating to linking the National Cycle Route 7 with the Whithorn Way, The Lead Officer, Kevin Waters, Planning Manager, Communities, Housing & Planning left the Council on 14 July 2022 and Catriona Halliday, Senior Technical Officer, Communities and Planning took over the project and presented the final recommendations of the Review to the meeting of the Board held on 22 August 2022. The report was submitted to Council and approved on 29 September 2022.
- 3.3 The review on Charges for Bulk Items uplift for the elderly is currently underway. The Lead Officer is John Kilpatrick and it is scheduled to be concluded in December 2023.

3.3 Each year an invitation is sent to Members of the Board asking them to submit suggestions for areas of investigation. However, with the agreement of the Convener no invitation was sent this year as there are two reviews outstanding which have still to commence and one review which was ongoing but has paused due to the Lead Officer leaving his post. The reviews are indicated below:

- Lack of house and garden maintenance by some tenants and residents; and
- Lead Piping in Public and Private Housing in Renfrewshire
- Neighbourhood Disputes – this review was ongoing but has stalled due to the Lead Officer leaving his post.

3.4 The Board undertakes 2 reviews each year based on there being one meeting per cycle and five cycles each year, although there is the facility to hold additional meetings if required. This has an impact on the number of reviews which can be undertaken and the length of time taken to conclude each review.

3.5 It is proposed therefore that once a lead officer has been appointed for the Neighbour Disputes Review, this and the following reviews form the 2023/24 annual programme:

- Lack of house and garden maintenance by some tenants and residents;
- Lead Piping in Public and Private Housing in Renfrewshire.

Issues considered by the Board during 2022/23

4 Audit and Related Matters

4.1 Audit of Accounts - The Board at the meeting held on 14 November 2022 considered a report relative to the audit of the Council's 2021/22 accounts. The report intimated that the 2021/22 unaudited Annual Accounts were approved at the meeting of the Council held on 30 June 2022. Each year the Council's appointed external auditors carry out an audit of the Council's financial statements and provide an opinion as to whether the statements provide a true and fair view of the financial position of the Council and its income and expenditure for the year; and whether they had been prepared in accordance with the relevant regulations.

The report advised that there were three changes made to the annual accounts over the course of the audit in relation to the valuation of property assets, agency transactions in the Comprehensive Income and Expenditure Statement and a regulatory change to the presentation of depreciation. Other minor and presentational changes were also agreed.

- 4.2 Internal Audit Annual Report - The Board at its meeting held on 22 May 2023 considered the annual report which covered 2022/23. The report focused on the activities of the Council's Internal Audit section, which detailed internal audit activity, purpose, authority and responsibility as well as performance relative to its plan. The annual report also provided an annual audit opinion of the overall adequacy and effectiveness of the Council's internal control environment and included details of any significant risk exposures, control issues, including fraud risks, governance issues, and other matters that could be used to inform the governance statement.
- 4.3 Annual Internal Audit Plan 2023/24 – The Board at the meeting held on 13 March 2023 agreed a risk-based internal audit plan for 2023/24. The plan considered the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which would provide assurance on the robustness of key internal controls, the plan sought to reflect the key priorities and challenges for the Council. Progress on the 2023/24 annual audit plan and summaries on the findings and conclusions of each audit assignment were reported to the Board on a quarterly basis.
- 4.4 Internal Audit Findings – The Board considered quarterly reports on the findings of internal audit in terms of national guidance produced by CIPFA on the implementation of audit committee principles in Scottish local authorities, in line with which internal audit submitted regular reports on the findings of audit work to the Board based on the work of internal audit and detailing the key issues arising.
- 4.4 Internal Audit and Counter Fraud Progress and Performance – The Board considered regular reports which detailed progress and performance in terms of delivery of the audit plans for the internal audit and counter fraud teams. The Director of Finance & Resources had set annual targets to demonstrate continuous improvement. In terms of counter fraud, due to the diverse nature of fraud referrals, no formal performance targets had been established and the outcomes from investigations were monitored and reported on a regular basis by the Council's management.
- 4.5 Internal Audit Charter - The Board at the meeting held on 22 May 2023 presented a revised Internal Audit Charter. The Charter had been amended to take account of the recommendation arising from the external Quality Assessment to include the definition of consulting activities and also the reporting arrangements agreed with Scotland Excel were updated to reflect that Internal Audit now reports to the Executive Sub-Committee rather than the Joint Board. No other material changes were required to the Internal Audit Charter.
- 4.6 Audit Scotland Reports – during the period covered by this report, the Board considered reports concerning findings from the audit of the 2021/22 Council statements, annual accounts, Common Good Funds and Charities and other audit activity; Local Government in Scotland – Financial Bulletin 2021/22; National Fraud Initiative 2020/21; and the Financial Response to Covid-19. Each report highlighted key points and the Council's position where available.

- 4.7 External Audit and External Audit Plan 2022/23 – The Board at the meeting held on 23 January 2023 considered a report which advised that Azets was now the Council’s external auditor, as a new five-year external audit appointment commenced in 2022/23. In advance of the formal Audit Plan being presented to the March meeting of the Audit, Risk and Scrutiny Board, Azets presented a high-level audit strategy report.

The meeting of 13 March 2023 considered a report which outlined Azets’ approach to the audit of the 2022/23 financial statements of the Council and the charities it controlled to assess whether they provided a true and fair view of the financial position of the Council, and whether they had been prepared in accordance with proper accounting practice. The plan outlined the responsibilities of Azets and the Council, their assessment of key challenges and risks and the approach and timetable for completion of the 2022/23 audit.

- 4.8 Strategic, Corporate and Service Risks – The Board, at meetings held on 14 November 2022 and 22 May 2023 respectively, considered the latest position in managing the council’s risks entering the various quarters of the financial year. The Risk Management Annual Report 2022/23 was submitted to the Audit, Risk & Scrutiny Board held on 22 May 2023 and described the corporate risk management activity that had taken place during 2022/2023 in relation to the council’s risk management arrangements and strategic risk management objectives.

- 4.9 Annual Complaints 2020/21 – The Board at the meeting held on 14 November 2022 considered a report which detailed complaints received by the Council from 1 April 2021 to 31 March 2022 and how this information had been used to ensure that the Council delivered high quality, efficient and responsive services. A summary was included of the numbers and types of complaints received; responded to within timescales; customer satisfaction monitoring; and key complaint areas including what was being done to address the issues raised.

The report advised that 9,193 complaints were received in 2022/23 compared with 6,179 in 2021/22 and 7,924 in 2020/21. The report noted that the pandemic had resulted in a reduced volume of complaints in 2021/22.

The report detailed the performance on key indicators, and highlighted improvements made to the complaints handling process over the past year to ensure that complaints were handled well. It was noted that the system to support the logging of and learning from complaints, which had been launched by the Council in April 2020, meant that performance data came from a single source, which improved business intelligence and customer insight data.

- 4.10 Corporate Governance – The Board, at its meeting held on 13 March 2023 considered a report by Internal Audit which reviewed the adequacy and effectiveness of the revised Local Code of Corporate Governance. Internal Audit carried out a sample check of the evidence used to demonstrate compliance and confirmed that the Council complied with the requirements of the Local Code of Corporate Governance. In addition, it was evident that the Local Code had been subject to review and updates in line with developments in best practice and any revised Council Policies.

At the same meeting on 13 March 2023 the Audit, Risk & Scrutiny Board considered a report which reviewed the Council's Local Code of Corporate Governance and provided evidence of how the Council complied with the Code. The evidence presented within the report demonstrated that strong governance arrangements had remained and were in place within the Council, and that Councillors and Officers were working together to lead and manage the Council in order to provide vital public services.

- 4.11 Local Government Benchmarking Framework Indicator Profile 2021/22 – The Board at the meeting held on 22 May 2023 considered a report which provided an overview of Renfrewshire's performance for 2021/22, as well as outlining the wider context and trends for local authorities across Scotland. The purpose of the Framework was to support evidence-based comparisons and encourage shared learning and improvement.

The report provided an overview of Renfrewshire's performance in relation to the Local Government Benchmarking Framework (LGBF) for 2021/22, as well as outlining the wider context and trends for local authorities across Scotland. Last year's overview report to the Board noted the impact of the pandemic on performance, and that impact continued to be reflected in the 2021/22 data, which evidenced both the recovery work undertaken by councils and the challenges they continued to face.

The report detailed an overview of Renfrewshire's performance for the 105 indicators and detailed information relating to the performance of similar councils which had been placed into 'family groups' with Renfrewshire and provided further context on performance across the broad service areas for elected members' scrutiny.

- 4.12 Absence Statistics - The Board considered reports on absence returns with the statistics broken down by service and category of staff, including information relative to absence targets and how services had performed against them. Information was also provided on supporting attendance activity and the costs of sick pay.

5 Annual Reports by other Bodies

- 5.1 Scottish Public Services Ombudsman (SPSO) – Annual Report 2021/22 – The Board at the meeting held on 23 January 2023 considered a report which highlighted that the health sector was the sector which the SPSO received most complaints being 34% of the SPSO's total caseload for 2021/22 with an increase in local authority cases receiving the second highest number 32% which was an increase of 2% from the previous year. The report advised that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 43 compared to 31 in 2020/21. Of the 43 complaints determined by the SPSO during 2021/22 two went to investigation stage, one was "fully upheld" and one was "not upheld".

- 5.2 Commission for Ethical Standards in Public Life in Scotland: Annual Report 2021/22 - The Board at the meeting held on 23 January 2023 considered a report which detailed the work of the Commissioner during the year, provided details of the investigation of complaints about the conduct of councillors, members of devolved public bodies, MSPs and scrutiny of Scotland's ministerial public appointments process.

The report advised that nationally the Commission experienced a decrease in the number of complaints received. Nationally, during 2021/22 the Commissioner received a total of 220 complaints, compared with 238 in 2020/21. The largest category of complaints related to disrespect towards employees/public.

The report indicated that the Acting Ethical Standards Commissioner resigned in April 2022 and the Public Appointments Manager took over the role of Acting Commissioner. This was amidst significant work activity and a particularly challenging period due to staff movement and restructure. However, the report indicated that the Commission was working with the Scottish Government to produce positive change and received an unprecedented number of reports of good practice and were able to publish a revised Code of Practice which came into effect in October 2022 prior to their year-end. Their report noted that in 2022/23 the Commission would be focusing on producing guidance on application of the Code and training for everyone involved in its implementation.

- 5.3 Scottish Information Commissioner Annual Report 2021/22 – The Board at its meeting held on 23 January 2023 considered a report which intimated that the Freedom of Information (Scotland) Act 2002 (FOISA) created a general right to obtain information from any designated Scottish public authority subject to limited exemptions. The annual report explored the performance of the Office of the Scottish Information Commissioner across the year and how FOISA could 'add demonstrable value to public services' within Scotland.

The report advised that in 2021/22 1,238 complaints were received about the health sector and 1,189 complaints about local authorities. As in previous years, the health sector continued to account for the largest proportion of cases received in 2021/22.

6 **Development Plan for Members**

- 6.1 In line with national guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of audit committee principles in Scottish local authorities, briefings on audit and risk-related matters is provided to members of the Board. At the meeting of the Audit, Risk & Scrutiny Board held on 13 June 2022 members agreed and commenced a programme of briefings which included the role of Audit Committee; the role of Internal Audit and Risk Management arrangements.

Implications of the Report

1. Financial – none
2. HR & Organisational Development – none
3. Community Planning – none
4. Legal – none
5. Property/Assets – none
6. Information Technology – none
7. Equality & Human Rights

(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. Health & Safety – none
 9. Procurement – none
 10. Risk – none
 11. Privacy Impact – none
 12. Cosla Policy Position – not applicable
 13. Climate Risk - none
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