

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

On: **23 August 2021**

Report by: Director of Finance & Resources

Heading: **AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT
2020/21 AND ANNUAL PROGRAMME 2021/22**

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2020 to May 2021 when the Audit, Risk & Scrutiny Board met six times. Due to the pandemic all meetings were held remotely via Microsoft Teams. 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 in terms of Covid-19 and updates Members on the progress of the Annual Programme for 2020/21.
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2 Recommendation

- (a) That the Audit, Risk & Scrutiny Board annual report 2020/21 be noted; and
 - (b) That the Audit, Risk & Scrutiny Board Annual Programme be noted.
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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.
- 3.2 With the agreement of the Convener, an invitation to submit suggestions for areas of investigation was sent to Members of the Board on 12 April 2021 with a closing date of 11 June 2021 given. A reminder was sent out on 15 May 2021 and no suggestions were received by the closing date.

Progress of Annual Programme 2020/21

- 3.3 At the Audit, Risk & Scrutiny Board meeting held on 24 August 2020 the following reviews were agreed to be included in the 2020/21 programme:
 - (i) Conversion of grass areas to parking; and
 - (ii) Bus deregulation and its effect on transport services in Renfrewshire;
- 3.4 The conversion of grass areas to parking review was completed and submitted to Council on 17 December 2020.
- 3.5 The final report on de-regulation of buses was presented to the Board on 16 March 2020 but was continued for further information. However, given the situation with Covid-19, it was agreed that the review be paused to allow future consideration of the impact of the pandemic on bus services within Renfrewshire.
- 3.6 It is anticipated that the final report for the de-regulation of buses will be presented to this Board at a future meeting.

Issues considered by the Board during 2020/21

4 Audit and Related Matters

- 4.1 Audit of Accounts - The Board at the meeting held on 23 November 2020 considered a report relative to the audit of the Council's 2019/20 accounts. The report intimated that the 2019/20 unaudited Annual Accounts were approved at the meeting of the Council held on 25 June 2020. Each year the Council's appointed external auditors (Audit Scotland) carry out an audit of the Council's financial statements and provided an opinion as to whether those statements provided a true and fair view of the financial position of the Council and its income and expenditure for the year; and also 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 the pension liability, the valuation of plant, property and equipment and creditors. Other reclassification and presentational changes had also been agreed.

- 4.2 Annual Internal Audit Plan 2021/22 – The Board at the meeting held on 22 March 2021 agreed a risk-based internal audit plan for 2021/22. 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 2020/21 annual audit plan and summaries on the findings and conclusions of each audit assignment were reported to the Board on a quarterly basis.

It should be noted that at the meeting on 23 November 2020, members approved revisions to the audit plan for the remainder of the year. Due to Covid-19 some audits could not be progressed as establishments were closed and resources were diverted to other higher risk areas

- 4.3 Audit Scotland Annual Audit Plan 2020/21 – The Board at the meeting held on 22 March 2021 considered a report which outlined Audit Scotland's approach to the audit of the 2020/21 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 Audit Scotland and the Council, their assessment of key challenges and risks and the approach and timetable for completion of the audit.

- 4.4 Strategic, Corporate and Service Risks – The Board at the meeting held on 23 November 2020 considered the Strategic and Corporate Risk Registers for each service of the Council. The report advised that the corporate risk registers were usually refreshed on an annual basis, however, rather than have separate risks relating to Covid-19, it was agreed to review all existing risks for Covid-19 impact, and further, reconsider the Council's full risk profile as viewed through the Covid-19

experience. It was noted that the Council had five very high (red) risks which were being driven by external factors outwith the Council's control and it was agreed to continue to carefully manage and monitor these.

4.5 Accounts Commission and Audit Scotland Reports – during the period covered by this report, the Board considered reports concerning findings from the audit of the 2019/20 Council statements, annual accounts, Common Goods and Charities and other audit activity; Accounts Commission – Local Government in Scotland – Overview 2020; Local Government in Scotland – Financial Overview 2019/20; National Fraud Initiative; Covid-19 Guide for Audit and Risk Committees and Covid-19 Emergency Fraud Risks. . Each report highlighted key points and the Council position where available.

4.6 Annual Complaints 2019/20 – The Board at the meeting held on 25 January 2021 considered a report which detailed complaints received by the Council during 2019/20 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 there had been a decrease in the number of complaints the Council had received from 8200 for 2018/19 to 7924 in 2019/20 and advised of performance on key indicators, as well as highlighting improvements made to the complaints handling process over the past year to ensure that complaints were handled well.

The report noted that Covid-19 and subsequent national lockdown had not impacted on the figures reported as the report covered up to the end of March 2020.

4.7 Corporate Governance – The Board, at meetings held on 21 September 2021 and 22 March 2021 respectively, considered reports which reviewed the Council's Local Code of Corporate Governance and provided evidence of how the Council complied with the code. The reports advised that the code placed emphasis on relationships and behaviours between elected members and senior management; performance reporting; and council and service level plans. The review of compliance with the Local Code of Corporate Governance formed part of the assurance framework for the annual governance statement.

4.8 Internal Audit Annual Report - The Board at its meeting held on 24 August 2020 considered the annual report which covered 2019/20 and the meeting held on 24 May 2021 considered the annual report which covered 2020/21. Both reports 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 reports 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 and other matters that could be used to inform the governance statement.

- 4.9 Local Government Benchmarking Framework Indicator Profile 2019/20 – The Board at the meeting held on 22 March 2021 considered a report which provided an overview of Renfrewshire's performance for 2019/20, 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 set out the mechanisms by which the monitoring of Council services was undertaken and provided a picture of performance prior to the Covid-19 pandemic. Councils were now operating in a different environment and context, with many service areas being significantly impacted, some service areas were paused, not fully resumed, and others delivered a range of new responsibilities, which would need to be considered going forward.

The report detailed an overview of Renfrewshire's performance for the 97 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.

- 4.10 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.

- 4.11 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 management.

- 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.

- 4.13 Records Management Plan Update – the Board at the meeting held on

22 March 2021 considered a report which detailed the annual review of the Council's Records Management Plan (RMP) to guide continual improvement of its record keeping. The report noted that the Council achieved green status for 13 of the 14 elements assessed through the RMP.

5 Annual Reports by other Bodies

- 5.1 Scottish Public Services Ombudsman (SPSO) – Annual Report 2019/20 – The Board at the meeting held on 23 November 2020 considered a report which highlighted that the health sector was the sector about which the SPSO received most complaints being 36% of the SPSO's total caseload for 2019/20 with a decrease in local authority cases receiving the second highest number 31% which was the same percentage as last year. The report advised that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 47 which was the same percentage as 2018/19. Of the 47 complaints determined by the SPSO during 2019/20 none went to investigation stage.
- 5.2 Commission for Ethical Standards in Public Life in Scotland: Annual Report 2019/20 - The Board at the meeting held on 23 November 2020 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 an increase in the number of complaints received. Nationally, during 2019/20 the Commissioner received a total of 284 complaints, compared with 173 in 2018/19. The largest category of complaints related to quasi-judicial or regulatory applications.

On 1 April 2019 Caroline Anderson commenced her term as Ethical Standards Commissioner. The annual report indicated that the restructure had proved incredibly challenging but had delivered significant benefits. However, in anticipation of lockdown, business continuity procedures had been put into place and despite the significant challenges of remote working in an emergency context, the doubling in the volume of incoming complaints and staff vacancies throughout 2019 of up to 70% meant that the inherited backlog had been cleared and investigations in progress were all current.

- 5.3 Scottish Information Commissioner Annual Report 2019/20 – The Board at its meeting held on 23 November 2020 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. It was noted that there had been a total of 494 appeals to the Commissioner, compared to 560 in 2018/19. In the 2019/20 period covered by the report, Renfrewshire Council had no appeals.

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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