

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

On: **22 August 2022**

Report by: Director of Finance & Resources

Heading: **AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT
2021/22 AND ANNUAL PROGRAMME 2021/22 - 2022/23**

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2021 to May 2022 when the Audit, Risk & Scrutiny Board met six times. Due to the pandemic five of the meetings were held remotely via Microsoft Teams and the last meeting on 13 June 2022 was hybrid. 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 2021/22 and highlights the programme for 2022/23.

2 Recommendation

- (a) That the Audit, Risk & Scrutiny Board annual report 2021/22 be noted; and
 - (b) That the Audit, Risk & Scrutiny Board Annual Programme for 2022/23 be agreed.
-

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 9 June 2022 with a closing date of 30 June 2022 given. A reminder was sent out on 20 June 2022. Three suggestions from Councillor James MacLaren were received and are detailed in section 3.6 below.

Progress of Annual Programme 2021/22

- 3.3 The de-regulation of buses review was completed and submitted to Council on 28 April 2022.
- 3.4 Following a Motion submitted to Council on 30 September 2021 regarding Blue Badge qualifications, the Head of Digital, Transformation and Customer Services conducted a review into the Council's processes for Blue Badge applications. The review was submitted to the Audit, Risk & Scrutiny Board held on 21 March 2022. The review agreed to note the limitations placed on the Council to alter the eligibility criteria for blue badges; noted the use of a national application form supported by the gov.uk platform which the Council was unable to change; and noted the additional work that was being carried out as a result of the review to provide a more efficient and customer focused application process
- 3.5 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, which is the longest Pilgrimage Trail in Scotland. 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 has taken over and will present the recommendations of the review to this meeting of the Board.

- 3.6 Arising from the email sent to members asking for suggestions for the Annual Programme of Reviews, three suggestions were received from Councillor James MacLaren on the following topics:
- Charges for bulk items uplift for the elderly;
 - Lack of house and garden maintenance by some tenants and residents; and
 - Neighbour Disputes.
- 3.8 These suggestions are attached as Appendix 1.
- 3.9 At the Council meeting held on 30 June 2022 it was agreed that, "Council notes with concern the presence of lead piping in the fresh water supply to some council and private housing an example being the Braehead area of Lochwinnoch. Council resolves, given the known risks this poses to public health that the issue of lead piping in domestic water supplies be referred to the Audit and Scrutiny board for review and consideration and report back to the council on its findings
- 3.10 It is proposed therefore that the following reviews go 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.

Issues considered by the Board during 2021/22

4 Audit and Related Matters

- 4.1 Audit of Accounts - The Board at the meeting held on 15 November 2021 considered a report relative to the audit of the Council's 2020/21 accounts. The report intimated that the 2020/21 unaudited Annual Accounts were approved at the meeting of the Council held on 24 June 2021. 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 four changes made to the annual accounts over the course of the audit in relation to the disclosure of Personal Protective Equipment, the elimination of intra-group transactions, disclosure of capitalised salaries and the valuation of Council dwellings. Other reclassification and presentational changes had also been agreed.

4.2 Internal Audit Annual Report - The Board at its meeting held on 13 June 2022 considered the annual report which covered 2021/22. 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 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.

4.3 Annual Internal Audit Plan 2022/23 – The Board at the meeting held on 13 June 2022 agreed a risk-based internal audit plan for 2022/23. 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 2021/22 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

4.4 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 management.

4.5 Internal Audit Charter - The Board at the meeting held on 23 March 2021 presented the new Internal Audit Charter that had been amended to take account of the dissolution of the Clyde Muirshiel Park Authority. No other material changes were required to the Internal Audit Charter.

- 4.6 Accounts Commission and Audit Scotland Reports – during the period covered by this report, the Board considered reports concerning findings from the audit of the 2020/21 Council statements, annual accounts, Common Goods and Charities and other audit activity; Local Government in Scotland – Financial Overview 2020/21; and Accounts Commission – Local Government in Scotland – Overview 2022. Each report highlighted key points and the Council position where available.
- 4.7 Audit Scotland Annual Audit Plan 2021/22 – The Board at the meeting held on 21 March 2022 considered a report which outlined Audit Scotland’s approach to the audit of the 2021/22 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 2021/22 audit.
- 4.8 Strategic, Corporate and Service Risks – The Board, at meetings held on 24 January 2022 and 13 June 2022 respectively, considered the latest position in managing the council’s risks entering the various quarters of the financial year. The Risk Management Annual Report 2021/22 was submitted to the Audit, Risk & Scrutiny Board held on 13 June 2022 and described the corporate risk management activity that had taken place during 2021/2022 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 25 October 2021 considered a report which detailed complaints received by the Council from 1 April 2020 to 31 March 2021 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 7294 for 2019/20 to 6179 in 2020/21 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 the pandemic had an impact on complaints handling, as many staff who were responsible for complaints handling were redeployed to critical response work, or provided advice on new services, grants or support available. Despite the significant challenges of the pandemic, services continued to strive to resolve complaints and support customers through the process and as a result performance for complaints handling remained comparatively stable over 2020/21.

- 4.10 Corporate Governance – The Board, at its meeting held on 21 March 2021 considered a report by Internal Audit which reviewed the adequacy and effectiveness of the revised Local Code of Corporate Governance which was presented to the Audit, Risk and Scrutiny Board on 24 May 2021. 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 21 March 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 the 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 2020/21 – The Board at the meeting held on 21 March 2022 considered a report which provided an overview of Renfrewshire's performance for 2020/21, 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 reflected the first year of the pandemic, set out the mechanisms by which the monitoring of Council services was undertaken and outlined the extent to which council services had to respond to new needs within communities whilst also adapting services in line with public health restrictions. It was noted that the duration of the pandemic meant that the impact would be evident in data for 2021/22 and beyond.

The report detailed an overview of Renfrewshire's performance for the 101 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 2020/21 – The Board at the meeting held on 15 November 2021 considered a report which highlighted that the health sector was the sector about which the SPSO received most complaints being 34% of the SPSO's total caseload for 2020/21 with a decrease in local authority cases receiving the second highest number

30% which was a reduction of 1% from last year. The report advised that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 31 compared to 47 in 2019/20. Of the 31 complaints determined by the SPSO during 2020/21 three went to investigation stage and in two cases the decision was “some upheld” and in one case the decision was “not upheld”.

- 5.2 Commission for Ethical Standards in Public Life in Scotland: Annual Report 20120/21 - The Board at the meeting held on 24 January 2022 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 slight decrease in the number of complaints received. Nationally, during 2020/21 the Commissioner received a total of 238 complaints, compared with 284 in 2019/20. The largest category of complaints related to disrespect towards employees/public.

The report indicated that in April 2021 Ian Bruce took over as Acting Ethical Standards Commissioner as the Commissioner took an extended period of leave. The report advised of significant activity during a particularly challenging period due to staff movement and restructure and detailed the challenges faced by the organisation during the year due. This, combined with high staff turnover and the absence of engagement with an Advisory Audit Board, led to their external auditor undertaking a wider scope audit. It was noted within the report that since the temporary appointment of the Acting Commissioner for Ethical Standards in Public Life in Scotland, action has been taken to remedy as many of the issues as possible. A revised strategic plan, to address recommendations from their external auditor, was developed for the next three years, which incorporated the values that were missing from the previous version and clear statements of intent about how the office would fulfil its statutory obligations in accordance with the expectations of the Parliament, public and stakeholders.

- 5.3 Scottish Information Commissioner Annual Report 2020/21 – The Board at its meeting held on 22 November 2021 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 486 appeals to the Commissioner, compared to 494 in 2019/20. In the 2020/21 period covered by the report, Renfrewshire Council had no appeals.

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

Author: Carol MacDonald, Senior Committee Services Officer,
Finance & Resources.
email: carol.macdonald@renfrewshire.gov.uk