

**AGENDA ITEM NO 3(ii)(k)**

**ANGUS COUNCIL**

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held remotely on Tuesday 27 April 2021 at 2.00pm.

**Present:** Councillors ALEX KING, BILL DUFF, JULIE BELL, BRIAN BOYD, KENNY BRAES, COLIN BROWN BEM, LYNNE DEVINE, BEN LAWRIE, MARK MCDONALD, IAN McLAREN, BOB MYLES, MARK SALMOND and BETH WHITESIDE.

Councillor KING, Convener, in the Chair.

Prior to the commencement of the business, members were reminded that it was currently the pre-election period in light of the forthcoming Scottish Parliament Elections on 6 May. All members had received a copy of the Council's pre-election guidance and particular reference was made to Section 5 of the guidance which covered publicity including online Council or Committee meetings. Members were to be mindful of the legal requirements in their discussion and debate during the meeting.

**1. APOLOGIES/SUBSTITUTES**

There were no apologies intimated.

**2. DECLARATIONS OF INTEREST**

Councillor Bell declared a non-financial interest in Item 4 (Report 126/21) as she was an elected/voting member of the Integration Joint Board. She indicated that she had a specific exclusion and would participate in any discussion and voting on this item.

**3. MINUTE OF PREVIOUS MEETING**

The minute of meeting of this Committee of 2 March 2021 was approved as a correct record and signed by the Convener.

**4. INTERNAL AUDIT ACTIVITY UPDATE**

With reference to Article 8 of the minute of meeting of this Committee of 2 March 2021, there was submitted Report No 126/21 by the Service Leader - Internal Audit providing the Internal Audit Activity update on the main findings of the Internal Audit Report issued since the date of the last meeting.

The Report presented the progress with the Internal Audit activity within the Council up to 19 April 2021, provided an update on progress with the planned audit work and progress with implementing internal audit and counter fraud recommendations.

The Service Leader – Internal Audit provided an overview and highlighted a number of the key areas of the Report.

Four Internal Audit Reports had been issued since the last meeting, in relation to:-

- Personal Protective Equipment (PPE)
- Strategic Framework Business Fund Counter Fraud Review
- Pupil Equity Fund (PEF)
- IT Security Controls in Response to Covid 19

Following questions from Councillors Bell and Braes in relation to the Pupil Equity Fund (PEF) Audit, the Service Leader – Internal Audit and Depute Chief Executive provided a response and indicated that they would seek further feedback in terms of the questions raised, and revert back in due course.

Councillor Devine intimated her gratitude to the Service Leader-Internal Audit for bringing forward the Pupil Equity Fund Audit Report.

The Committee agreed:-

- (i) to note the update on progress with the planned Internal Audit work;
- (iii) to note management's progress in implementing internal audit and counter fraud recommendations; and
- (iii) to note the position with regard to the Head of Internal Audit's Annual Opinion for 2020/21, as detailed within Section 4 of the Report.

## **5. EXTERNAL AUDIT – ANNUAL AUDIT PLAN**

With reference to Article 6 of the minute of meeting of this Committee of 3 March 2020, there was submitted Report No 127/21 by the Director of Finance presenting the External Auditor's Annual Audit Plan for 2020/21.

The Report indicated that the Annual Plan contained an overview of the planned scope and timing of the audit and was carried out in accordance with the International Standards on Auditing (ISAs), the Code of Audit Practice and guidance on planning the audit.

The Plan set out the work necessary to allow Audit Scotland to provide an independent auditor's Report on the financial statements and meet the wider scope requirement of public sector audit including the audit of Best Value. The wider scope of public audit contributed to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

The 2020/21 significant audit risks were outlined in Exhibit 1 of the Appendix to the Report.

Carole Grant, Audit Director, Audit Scotland provided a detailed overview and highlighted the various aspects of the Report.

Having heard from the Audit Director in response to questions from Councillors Bell, Braes and Duff, in relation to risk appetite, additional audit fee of £11k, and common good, the Committee agreed to note the content of the External Audit Annual Audit Plan for 2020/21.

## **6. REPORTS RELEVANT TO THE WORK OF THE SCRUTINY AND AUDIT COMMITTEE**

With reference to Article 11 of the minute of meeting of this Committee of 1 December 2020, there was submitted Report No 128/21 by the Service Leader - Internal Audit advising members of reports submitted to other Angus Council committees, the Council, Tayside Contracts and to the Integration Joint Board that were relevant to the work of the Scrutiny and Audit Committee.

Attached as Appendix 1 to the Report was a list of reports covering the period 28 October 2020 to 31 March 2021.

The Committee agreed:-

- (i) to note the reports listed in Appendix 1 to the Report; and
- (ii) that no further detailed discussion on any of the Reports was required at this time.

## **7. PETITION – POTHOLES IN ARBROATH**

There was submitted Report No 129/21 by the Director of Legal and Democratic Services, advising members of a petition which had been received in connection with potholes in Arbroath.

The Report indicated that a petition headed "Fix the Potholes in Arbroath" was submitted to the Council on 26 February 2021. The petition signed by 849 people included 10 signatories from outwith the Angus area.

The agenda and papers for the meeting of this Committee on 2 March had already been published and this was the first opportunity for the matter to be considered by this Committee in terms of the procedure set out in Standing Order 14. The Director of Finance also advised that the petition was best considered in the context of the resources the Council had available/set aside in its budget for financial year 2021/22.

Having heard from the Convener, the Committee agreed in terms of Standing Order 14 to determine that appropriate action had already been taken or was planned and no further action was necessary.

## **8. TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22**

With reference to Article 11 of the minute of meeting of Angus Council of 18 March 2021, there was submitted Report No 101/21 by the Director of Finance seeking members to review and scrutinise the proposed Treasury Management Strategy for Angus Council in 2021/22.

The Report indicated that the purpose of the Treasury Management Strategy Statement was to develop borrowing, investment and debt rescheduling strategies for the forthcoming financial year based on prospects for interest rates. The strategies adopted took account of the current treasury position and treasury limits in force that would limit treasury risk and treasury activities of the Council.

The 2021/22 Treasury Management Strategy Statement and Annual Investment Strategy set out the expected treasury management activities for Angus Council for the forthcoming financial year.

The Director of Finance provided an overview of the key areas of the Report.

Following questions from Councillors Duff and Braes relating to interest rate prospects and the investment strategy benchmark rate of -0.08%, and in response, the Director of Finance provided an update.

The Committee agreed to note the proposed Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22 attached as Appendix A to the Report.