



MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE

**TUESDAY 17 SEPTEMBER 2024, 10AM
COUNCILS HYBRID SYSTEM**

Committee Members Present:

Councillor Bruce
Councillor Jardine
Councillor McFarlane
Councillor McLeod
Councillor Menzies - Chair
Councillor Ritchie

Other Councillors Present:

N/A

Council Officials Present:

Ms S Fortune, Executive Director for Council Resources
Ms E Dunnet, Head of Finance
Mr D Stainbank, Service Manager – Internal Audit
Mr C Grilli, Service Manager – Governance, Council Resources
Ms L Brown, Executive Director for Education & Children's Services
Ms W McGuire, Head of Housing
Ms C Rodgers, Head of Communities & Partnerships
Ms H Barnett, Head of Corporate Support
Ms J Boyle, Quality Improvement Manager for Equity & Inclusion
Mr A Stubbs, Service Manager for Roads

External Audit:

N/A

Clerk:

Ms M Scott

Apologies:

Councillor McGuire

Declarations of Interest:

N/A

1.

a) MINUTE OF AUDIT & GOVERNANCE COMMITTEE ON 11 JUNE 2024

The minutes from the Audit and Governance Committee from 11 June 2024 were approved as an accurate record.

b) MINUTE OF AUDIT & GOVERNANCE COMMITTEE ON 17 JUNE 2024

The minutes from the Audit and Governance Committee from 17 June 2024 were approved as an accurate record.

2. INTERNAL AUDIT REPORT: SEPTEMBER 2024

A report was submitted by the Service Manager for Internal Audit to inform the Audit and Governance Committee of Internal Audit reports issued since the last meeting of the Committee and provide an update on progress made against the 2024/25 annual audit plan.

Duncan Stainbank, Service Manager for Internal Audit reported since the last meeting of the Committee a final report had been issued for Additional Support Needs, Capital Expenditure Contract Cost Management, Musselburgh Flood Protection Scheme, Tyne and Esk Funding and Scottish Housing Regulator Annual Assurance Statement, Mr Stainbank added that Additional Support Needs, Capital Expenditure Contract Cost Management and the Musselburgh Flood Protection Scheme were all graded with reasonable assurance and Tyne and Esk Funding was graded with substantial assurance. The Scottish Housing Regulator Annual Assurance Statement was not graded.

Mr Stainbank provided an update of the key findings and recommendations for all completed audits, noting the completion dates for each.

Councillor Jardine asked if there was any evidence on why the number of pupils with ASN had increased by 84% between 2014 and 2023 compared to an 11% increase in overall pupil numbers and how did this compare to other localities. Jennifer Boyle, Quality Improvement Manager for Equity & Inclusion stated East Lothian's ASN numbers were comparable with national data and a number of factors contributed towards this, one of which were the conditions following the pandemic. She added there is also now better identification of children and young people with additional support needs and advances in medicine mean more young people are living with greater complexity in their lives.

Responding to a further question from Councillor Jardine, Mr Stainbank explained the process of maintaining a complete register of costs for each project that was under review fell out of practice due to workload and sickness within the team. He added there was a variety of processes being undertaken by individual officers which is now going to be reversed and go back to the previous process to ensure we have accurate details for each project. Tom Reid, Head of Infrastructure stated the main issue for him was not that officers were not being robust in the way they challenged the need for variations but instead the quality of the record keeping that demonstrated the robustness of the challenges that were put forward and the reasons for the variations had fallen down. He added they have reverted back to what was done historically and looked to see how this can be improved and made more simplistic with the resources we have available.

Councillor Jardine asked if it would be fair to say inflation, austerity and the impact of Brexit may have had an impact on the speed officers were trying to respond to things. Mr Reid said it could have impact in terms of variations, but it tends to be around scope and how things are designed. He provided an example of this regarding to an IT cooling system and was happy to send Councillor Jardine further

examples if this would be helpful. He added there can sometimes be a lack of availability of materials but usually when we are locked into a tender this has been covered and a fixed price is agreed.

Responding to multiple questions from Councillor McLeod, Ms Boyle stated traditionally places for specialist provision were agreed as a result of the child planning framework which would mean professionals and parents around that child would make a request for specialist provision but within the last year there has been a marked increase in the number of parents making placing requests which is in line with the national trend. She explained the child planning framework is used to determine the children and young people would meet the criteria for specialist provision and then would be considered by the Education Resource Group. Ms Boyle confirmed the staffing is generous within the specialist provision and is guided by the SNCT and is protected within the ASL budget but due to the increase in the number of requests and the number of children meeting that criteria staffing would have to increase to meet demand. Ms Boyle also confirmed complaints have always been tracked and learning has always been put in place within schools. She added the tracker in place this year is more robust, with changes in staffing but it is not a new process.

Councillor Bruce asked for more details around the internal procurement document that was signed off by a manager for an amount above their authorisation. Mr Stainbank reported the officer in question had a £50,000 limit for resource expenditure and a higher limit for capital expenditure and signed off a document for £70,000 for a topographical survey. He added financial processes have now changed and that officer can now sign off documents with a £100,000 limit.

Responding to a further question from Councillor Bruce, Mr Stainbank noted the report was very specifically worded on the basis we have moved the right people round to be involved in that project board with the right skills and therefore it was catching the documentation up that was written in 2016 to match the skills and experiences of the individuals now on the project board. Alan Stubbs, Service Manager for Roads confirmed there are appropriate skill sets within the board with him being a certified civil engineer and is supported by other specialists in various areas along with external consultants who have been appointed who have the required skill sets and are part of the overall project team.

Councillor Bruce asked if the full business case for the Musselburgh Flood Protection Scheme will also consider the cost of the project given the financial cost has risen significantly. Mr Stainbank confirmed this to be correct. He also explained that the costs of the project had been brought up to Council and the escalating costs have been identified and within that we can have substantial assurance that the costs are being looked at and reviewed appropriately for the design that is being approved. Mr Reid reaffirmed that the project totally is entirely different from that in 2015/2016 as it has grown in the level of threat, impact and functionality so it would not be appropriate or realistic to compare the project today with the one that started. He explained the costs put forward are an assessment of where we are at with the current design, the final costs will not be known until full tender is completely but assured Members those costs are robustly interrogated as will the final designs.

Responding to a final question from Councillor Bruce regarding adequate consultation, Mr Stainbank confirmed it was a measurement of a number of events taken place and who was there to answer questions but as Internal Audit do not attend the events, he was unable to provide further insight.

Mr Stainbank, Ms Boyle and Nicola McDowell, Head of Education continued to answer questions from Members and provided information on how the Pupil Equity Fund was awarded to schools and confirmed that staff numbers would be increased if required to meet additional support needs.

Mr Stainbank provided further information on the audit evidence gathering process and how this is presented to Committee as requested by Councillor McMillan. He confirmed there was a system of control within the audit department around every report.

Councillor Menzies asked if there was any evidence on what was driving the higher number of referrals for ASN from parents. Ms Boyle stated there was no specific evidence for this but now there was more pressure from parental groups, social media and parents understanding it is their right to ask for this referral.

Councillor Jardine stated the scale of increase in needs over recent times it was reassuring that we have a reasonable assurance however she looked forward to seeing the impact of improvements and for us to be able to say we have improved the access and delivery to those with additional support needs. She commented the cost management report highlighted the need for consistency in how we administer important projects and the answers to questions today provided information on how those inconsistencies arose. Councillor Jardine thanked Mr Stainbank for his explanation on how he and his teams standards are required to be adhered to and this should give everyone a degree of comfort.

Councillor Menzies also thanked Mr Stainbank for his report which was insightful and had the right levels of comfort and awareness. She also stated the cost and controls element raised in questions is for Councillors to decide when the full business case comes forward and the rise in costs could not be compared as the project that came before Council years ago is vastly different to the one now. Councillor Menzies stated the Musselburgh Flood Protection Scheme is one of the most consulted on projects and Councillors need to draw the distinction between being listened to and agreeing with.

Decision

That the Audit and Governance Committee note:

- i. the main findings and recommendations from the Internal Audit reports issued during the period from June 2024 to September 2024 as contained in Appendix 1 and covered in the Scottish Housing Regulator item;
- ii. Internal Audit's progress against the annual audit plan for 2024/25 as set out in Appendix 2.

3. REVISED INTERNAL AUDIT PLAN 2024/25

A report was submitted by the Service Manager – Internal Audit to inform the Audit and Governance Committee of Internal Audit's revised operational plan for 2024/25.

Duncan Stainbank, Service Manager for Internal Audit reported the annual audit plan had been prepared in accordance with Public Sector Internal Audit Standards (PSIAS) and key changes in the plan were the removal of the following auditable areas to the plan; PPP Contact Management, Performance Management, Comments and Complaints Management and Contact Centre/Council Contact resolution. This was a result of temporary reduction in resource due to the retirement of a senior internal auditor and a service review is ongoing to resolve the resource and a plan is included within the report.

Councillor Bruce asked what the decision making process was for deciding what was removed from the plan, especially the decision for removal of PPP Contract Management. Mr Stainbank explained the team redo a risk assessment to look at where key risks are and in relation to PPP Contract Management, a new team has been put in place that are more proactively reviewing this and therefore the decision was to allow that to embed before completing a review on it. He added that the teams work on this had provided assurance the risk had reduced in relation to PPP Contract Management. Ms Lesley Brown, Executive Director for Education & Children's Services stated she is the Council's sponsor for the PPP Project which means she has oversight on the payment of invoices, the project management and monthly monitoring and she also attends the Innovate Board as part of the monitoring process. She hoped this gave Councillor Bruce reassurance that all aspects of the PPP Contract were scrutinised.

In response to a question from Councillor Jardine, Mr Stainbank stated there are numerous factors taken into account including the approved risk registers, when areas were last reviewed, both internally and externally and any findings that come from those are discussed with senior management across the Council to identify any causes for concern or changes likely to come through which then comes to the plan presented at Committee.

Councillor McMillan asked if the plan could be changed if the Audit and Governance requested it. Councillor Menzies stated that the plan would absolutely be changed if emerging risks arose and would react quickly otherwise the Committee cannot offer assurance to the public. Mr Stainbank added there are a number of ways the Committee could request changes to the plan such as contacting himself or the senior management of the Council which would then be filtered down and considered as appropriate. He explained the process has changed from setting an annual plan and sticking with it and now risks are assessed at least 6 monthly and monitoring risks as they change throughout the year.

Responding to a question from Councillor McLeod, Mr Stainbank provided information on the procurement process in general and highlighted the work of the procurement manager who works with each service to procure the goods and services required in an appropriate manner, providing the best value for the Council.

Councillor Menzies thanked Mr Stainbank for his report.

Decision

A roll call vote was carried out and the Audit and Governance Committee agreed to unanimously approve the revised Audit Plan for 2024/25.

4. AUDIT AND GOVERNANCE COMMITTEE ANNUAL/END OF TERM REPORT 2023/24

A report was submitted by the Service Manager – Internal Audit to present the outcome of the 2023/24 Audit and Governance Committee self-assessment and seek approval from the Audit and Governance Committee to present the Annual/End of Term Report 2023/24 to the Council.

Duncan Stainbank, Service Manager – Internal Audit highlighted the areas of improvement that have been agreed as part of the Audit and Governance Committee Annual / End of Term Report 2023/24. Councillor Menzies explained the job of this

committee is to scrutinise the Councils work which can only be done if members know what they are scrutinising and how to do this, which had been a steep learning curve. She felt the important part of self-evaluation was it allowed the public to have confidence that Members are scrutinising to the best of their ability and if any weaknesses are found they are willing to coopt people in to ensure that proper scrutiny is being done. Councillor Menzies highlighted the change Members voted to make, which is for senior officers to give feedback to the Committee on if the scrutiny has been effective and if they are doing the job well.

Councillor Jardine asked what extent we may need someone to be coopted into the Committee and what the opportunities and chances are of this happening. Mr Stainbank stated the key skills which are always useful in this type of Committee that often aren't there in totality are experience in technical experience in respect of audit and accountancy as well as legal experience. He noted finding people with those skills is extremely difficult in the current market and the guidance on coopted Members is for all Scottish local authorities and there are only a small number who have coopted Members. Mr Stainbank added Midlothian Council attempted to get independent Members in 2022 but were unable to get any applicants.

In response to a question from Councillor McMillan, Councillor Menzies stated the self-assessment has come first to be able to see clear skills gaps and then could tap into our own networks to see if the Committee does need someone to be coopted on. Mr Stainbank was in agreement with Councillor Menzies.

Councillor Jardine stated that while the scrutiny role was new to a few Councillors it is a core part of duties and all officers had allowed members to challenge themselves and explore a wide range of factors we need to take into consideration and try to represent inquiries of our constituents. She also looked forward to the outcome of the skills and knowledge assessment.

There were comments from Members in relation to the good scrutiny from the Committee and the relationship with officers to give the public confidence the Council are doing all the things they are required to do. Councillor Menzies added specific thanks to Audit Scotland and Mr Stainbank and his team.

Decision

A roll call vote was carried out and it was a unanimous decision to approve the Audit Committee Annual/End of Term Report 2023/24 and its self-assessments using the CIPFA Audit Committee Guidance and agreed that the Audit Committee Annual/End of Term Report 2023/24 should be presented to the Council.

5. HOUSING ANNUAL ASSURANCE STATEMENT

A report was submitted by the Executive Director for Place to advise the Audit and Governance Committee of the Scottish Housing Regulator's regulatory framework and in particular, the requirement for East Lothian Council to produce an Annual Assurance Statement, which requires to be signed off by the Senior Internal Auditor on behalf of the Council and to obtain approval for East Lothian Council's Annual Assurance Statement as laid out in appendix 1.

Wendy McGuire, Head of Housing reported in 2019 the Scottish Housing Regulator (SHR) revised its regulatory framework and therefore placed a requirement on all social landlords to formally submit an Annual Assurance Statement to the SHR by the end of October each year. She added this must confirm the relevant committee is assured that the landlord is complying with all regulatory requirements and standards

or highlight any areas of material non-compliance and how the landlord will address these. Ms McGuire explained the process for gathering evidence to ensure the committee has the necessary level of assurance it needs to sign the statement is more important than the statement itself and the submitted report highlighted key evidence of where the Council demonstrates compliance with the new regulatory framework. She asked Members to note the robust processes in place with sign off at service manager level together with the Scottish Social Housing Charter and Performance Groups who also consider the evidence gathered as well as the scrutiny and performance structures in place to ensure going performance and service delivery together with appropriate governance structures.

Ms McGuire confirmed that as a result of this evidence gathering and assessment the Councils complies with the regulatory requirements set out in chapter 3 of the framework, subject to 3 exceptions; Lead Water Pipe Programme, Fire Heat Alarms and the continued breach of the Unsuitable Accommodation Order.

Councillor Bruce asked what legal implications the Council could face for breaching the Unsuitable Accommodation Order. Ms McGuire confirmed the Scottish Government do not issue fines or take punitive action and prefer to take a preventative approach and the Council continue to work closely with the Housing Regulator to mitigate the risks. She added a progress report has recently been submitted to the Housing Regulator showing significant improvement in that area. Ms McGuire noted the Council continued to face threat of judicial review from Shelter.

In response to a question from Councillor Jardine, Ms McGuire stated the Regulator has been happy with the positive progress the team have made and they will continue to work with us and monitor that. She added that the number of breaches last year was around 150 and this year has reduced to around 120. Ms McGuire also provided information on why East Lothian was one of six local authorities regularly breaching the Unsuitable Accommodation Order and the recently approved changes to the policy that will hopefully help to improve the situation of single person homeless households. She stated she was confident these policy changes would make a difference with improvements showing by the end of the financial year.

Ms McGuire continued to answer questions from Members providing information on why the Council had breached the order, that 32 of these breaches were families which were a mix of being out of area accommodation and bed and breakfasts. She also made Members aware there were 61 properties outstanding for lead water pipe checks which is due to no access to the property, but the team will be looking at forced entry to complete these checks if they are not able to gain access. Ms McGuire also confirmed there was only one property out of over 9000 that was outstanding for fire detection provision work which is a very complex case and there is a multiagency approach to ensure the necessary works are undertaken.

Councillor McLeod and Councillor Menzies thanked Ms McGuire for her report and comments.

Decision

The Committee agreed to note:

- i) The regulatory framework and the requirement for the Senior Internal Auditor to sign-off the Annual Assurance Statement (AAS) on behalf of the Council
- ii) The regulatory framework requires the submission of the AAS no later than the 31st October 2024.

A roll call vote was carried out and the Audit and Governance Committee agreed unanimously to approve the Annual Assurance Statement as detailed in appendix 1 noting that East Lothian Council was partially compliant with the regulatory requirements for the financial year 2023/24 and partially compliant for the first quarter of 2024/25.

6. HOUSING RISK REGISTER

A report was submitted by the Chief Executive to present to the Audit and Governance Committee the Housing Risk Register for discussion, comment and noting.

Wendy McGuire, Head of Housing stated Very High risks are unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position; high risks may be tolerable providing the Council is assured that adequate and effective control measures are in place; medium risks are tolerable with control measures that are cost effective; and low risks are broadly acceptable without any further action to prevent or mitigate risk.

The current Housing Risk Register includes 1 Very High Risks, 9 High Risks, 8 Medium Risks and 4 Low Risk. In accordance with the Risk Management Strategy only Very High and High risks identified in the Corporate Risk Register will be subject to closer scrutiny by the Councils Management Team, the Cabinet and the Audit and Governance Committee. Ms McGuire noted the highest risk on the Housing Risk Register was also included in the Corporate Risk Register around Homelessness and the risk presented in this register are live and monitored continually and there is a risk that R70 will increase over the next few weeks.

Councillor Ritchie asked what structures and systems the Council has in place to deal with the budget pressures we are facing. Ms McGuire explained this area is under close monitoring and we have received resource allocation from the Scottish Government over the next three years and sets out affordability parameters but at the moment we are unable to fulfil all the projects coming forward. She provided examples of what the resource from the Scottish Government would be able to cover and added that the team continue to work with government to look at innovative forms of finance to ensure we can maximise of the delivery of units.

Responding to a question from Councillor Jardine, Ms McGuire confirmed the Council continue to work closely with the Scottish Government to better understand if there is likely to be any new investment in Scotland. She also stated that accessible housing is an area of concern as there is a limited amount of new stock that meets varying needs, and it is putting added pressure on existing stock and budgets to be able to adapt properties. This is something the Council are also working with government on to try and maximise investment as much as possible. In a follow up question Councillor Jardine asked if there was scope to require other developers to build properties to a higher standard. Ms McGuire said this was an area the Scottish Government are keen to see come through the new Local Development Plan (LDP) and this is something planners will consider, and robust evidence will be needed to back that up and the housing strategy and development team have done a huge amount of work around that. She stated there is some control over the affordable housing requirement and a percentage is set to ensure affordable units coming through private developers will meet housing for varying needs as a minimum.

Councillor Menzies asked if there was any progress with new MMR builds coming through in the foreseeable. Ms McGuire explained the team were continually looking

at opportunities for mid-market homes holding 60 to date. She added there is an investment tax force group and a short life working group looking at lease models as well as continuing to engage with Scottish Government to look at ways to maximise the delivery of mid-market rent going forward.

Councillor Jardine and Councillor Menzies made comments in relation to the pressures on the Scottish Government and the Council in regard to the housing crisis.

Decision

The Committee agreed to note the Housing Risk Register and in doing so, the Committee noted that:

- i) The relevant risks had been identified and that the significance of each risk was appropriate to the current nature of the risk.
- ii) The total profile of the Housing risks could be borne by the Council at this time in relation to the Council's appetite for risk.
- iii) Although the risks presented are those requiring close monitoring and scrutiny over the next year, many are in fact longer-term risks for Housing and are likely to be a feature of the risk register over a number of years.

7. THE BRUNTON THEATRE TRUST REPORT

A report was submitted by the Team Manager for Arts to provide the Audit and Governance Committee with an update on the Brunton Theatre Trust programme from March 2023 – 2024.

Richard Butt, Trustee highlighted the challenges the Trust have faced including the continued recovery from Covid and the discovery of RAC in the roof which resulted in the programme being moved to Loretto School Theatre and North Esk Church in Musselburgh and also later taking over the lease of Haddington Corn Exchange. He stated there were costs incurred to make sure these venues were the correct standard for programmes and also none of these venues held the same capacity as the Brunton therefore income was down. Mr Butt explained all of this meant reserves had to be used to maintain operations and the business models put them in a difficult situation.

He also highlighted what the Trust had been able to deliver including film screenings, drama performances and the continued offer of the arts service but this cannot be continued indefinitely because the forecasted deficit would take out half of remaining reserves and would bring the trust to £27,000 above the minimum three month reserve policy level. Mr Butt stated this was partly due to reduction in income and increased expenditure but also East Lothian Councils decision to reduce our grant by £200,000. He made Members aware that within the next financial year, if the reduction in funding from the Council continued, they would breach their reserves policy so serious discussions have taken place internally and with auditors to see if accounts can be signed off as an ongoing concern.

Michael Stitt, Chair of the Brunton Theatre Trust added the two critical messages he wanted to make to committee were the Trust urgently needs the funding reinstated and urgently needed transparency around where we are regarding RAC as it has been 18 months and there is huge frustration from the Trust and within the community. He said the Trust was unable to go on like this from a funding perspective but also from a transparency perspective.

Councillor Menzies informed all Members this Committee was not able to consider the RAC or funding issue at the Brunton but instead are there to scrutinise the Brunton Theatre Trust. Mr Reid confirmed consultants have been working flat out on the RAC issue, but the two high schools diverted some resource and capacity as they were statutory. He noted the Council are still not in a position to be able to give clarity on the options appraisal, but it is being worked on and the hope is to bring a report to Council in October, and he will reach out to Mr Stitt and Mr Butt to provide information on the levels of decay, the options available and the decisions the Members will have to look to take but the Council, but the Council position has to be updated first.

Councillor Jardine asked if the Trust had taken into consideration the steps noted in their report to maximise income. Mr Butt confirmed the Trust had submitted an application to Creative Scotland, but they have faced their own challenges and funding is not guaranteed. He added that the accounts included receiving a grant from Creative Scotland therefore the deficit would be similar to the size of this year. Mr Butt said the Trust could reduce their programme, but this would affect the likelihood of them receiving a grant from Creative Scotland.

Responding to a question from Councillor Bruce, Mr Reid explained whatever the fix is on the Brunton it will not be short term and he will make this clear within the options appraisal. Mr Stitt agreed the solution to the RAC issue will not be fixed any time soon but highlighted the move of the programme to Haddington Corn Exchange, Loretto School and North Esk Church was a good solution to keep the Brunton Theatre Trust going but they require support to do so.

Councillor Ritchie asked for more information on the Trusts plan going forward and for a timeline on the Creative Scotland grant application. Mr Stitt confirmed they would hear the result of the Creative Scotland application by late October. He said in the future the Trust want to build on what has worked well such as community arts groups and the Brunton youth theatre programme and the opportunity to engage new audiences from having multiple venues across East Lothian. Mr Stitt highlighted the work of Kirsty Sommerville developing screen work and working with local festivals, but he said creative ambition is difficult to deliver in current circumstances but the team wherever they can.

Responding to questions from Councillor Menzies, Mr Stitt stated the arts sector is under siege in regard to funding and it is not realistic to have a service like the Brunton that relies on that exclusively. He said there needs to be critical grant support from the local authority to make things happen and he felt it was extremely important that message was driven home. Mr Stitt felt the business model will work in the longer term but when applying to trusts and foundations it requires a more independent governance structure. He added while he has been Chair, they have tried to apply for more funding, but a resource is needed within the team to be dedicated to raising funds for the Brunton and this is something they are trying to prioritise. Mr Stitt also confirmed there were barriers to the Trust being an arm's length body of the Council and this has been shown by auditors each year as they want to see tangible independence. He felt public funding for Trusts went hand in hand and stated it was the reality for many others but that the Brunton was in unique position in terms of RAC as the coverage they have received is very negative which could spook a lot of funders.

Members praised the Trust and thanked them for their hard work as many people within the community benefit from their services and shows they provide. They felt there had been a real adaptability over the last four years which was worth noting

and praising and they looked forward to continued work between the Trust and the Council.

Councillor Bruce highlighted the power of work that has to go into finding out the extent of RAC issues and the options to deal with it but if the report was not available for the October Council meeting that a special meeting should be arranged to discuss this in terms of governance for the future of the Trust.

Councillor Menzies stated our language around this will be vitally important as the Bruton Theatre Trust is alive and well and have acts ongoing but is a growing concern and we need to ensure we do all we can to support it. She explained there are major concerns with the Brunton Theatre building itself but that doesn't necessarily make the whole picture.

Decision

The Committee agreed to note the contents of the report.

8. FINANCIAL MANAGEMENT CODE UPDATE

A report was submitted by the Executive Director for Council Resources to provide the Audit and Governance Committee with an update on the Council's compliance with CIPFA'S Financial Management Code (the FM Code), and proposed actions to improve and enhance this.

Ellie Dunnett, Head of Finance reported in September 2023 the Audit and Governance Committee considered officers initial assessment of compliance with the FM Code and that this report provided an update on the assessment and the progress of the agreed actions.

She stated we remain broadly compliant with the principals of the code and highlight were in the report Members could find the steps taken to enhance this. Ms Dunnett explained a recent internal audit of financial management identified that the Council hadn't formally adopted the code, and this would be within the remit of Cabinet to make this decision and therefore this report recommends that it is taken to Cabinet proposing that the code is formally adopted which will support effective financial management and sustainability.

There were no questions or comments on this report.

Decision

The Committee agreed to note:

- i) The updated assessment of compliance against the FM Code and proposed actions documented within Appendix 1.
- ii) The conclusion that overall, the Council remains compliant with the seven principles of the code.
- iii) The progress that has been made to implement agreed actions at paragraph 3.8 and agree the further actions at paragraph 3.9

A roll call vote was taken, and the Audit and Governance Committee unanimously agreed to recommend that a report is taken to Cabinet proposing that the principles of CIPFA's Financial Management Code should be formally adopted by the Council.

Signed

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Councillor Lee-Anne Menzies
Convener of the Audit and Governance Committee