



**MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE**

**TUESDAY 17 JUNE 2024, 9:30AM
VIA DIGITAL MEETINGS SYSTEM**

Committee Members Present:

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

Other Councillors Present:

N/A

Council Officials Present:

Ms S Fortune, Executive Director for Council Resources
Ms M Ferguson, Head of Corporate Support
Ms E Dunnet, Head of Finance
Mr D Stainbank, Service Manager – Internal Audit
Mr P Vestri, Service Manager – Policy, Improvement & Partnerships
Mr C Grilli, Service Manager – Governance, Council Resources
Mr T Reid, Head of Infrastructure
Ms L Brown, Executive Director for Education & Children's Services
Ms A Glancy, Service Manager – Corporate Accounting
Ms N McDowell, Head of Education
Mr A Cruickshank, Service Manager - IT
Ms W McGuire, Head of Housing
Mr L Wright, Emergency Planning, Risk & Resilience Officer
Mr P Ritchie, Service Manager – People & Council Support
Ms M Cockburn, Transformation & Digital Portfolio Manager

External Audit:

Mr J Boyd – Audit Scotland

Clerk:

Ms M Scott

Apologies:

Councillor Trotter

Declarations of Interest:

There were no formal declarations of interest but for transparency Councillor Menzies made Members she is an appointed Member of the Board of Enjoy Leisure.

1. MINUTE OF AUDIT & GOVERNANCE COMMITTEE ON 19 DECEMBER 2023

Councillor McFarlane asked for the spelling of Pilmar to be amended as this was spelt incorrectly. The minutes of the Audit & Governance Committee from 19 December 2023 were then approved as an accurate record.

2. INTERNAL AUDIT REPORT: JUNE 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, provide details of Internal Audit's follow-up work undertaken and provide an update on progress made against 2023/24 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 Agency Workers, CIPFA FM Code and Internal Audit Assurance Statements on Adult Social Care Commissioned Services Forecasting, Bowles Report - Primary School Capacity Shortfall and Transformation Project Stage Gate Governance Review. Mr Stainbank added the Adult Social Care Commissioned Services Forecasting, Bowles Report - Primary School Capacity Shortfall and Transformation Project Stage Gate Governance Review were not graded in accordance with normal internal audit procedures for assurance statements.

Mr Stainbank highlighted the levels of assurance for each completed audit and provided an update on key findings and recommendations noting the dates for completion for each.

Councillor Jardine asked if there were specific areas, we are more likely to require agency staff and if there was a particular focus on services provided to vulnerable clients and the risks surrounding that. Mr Stainbank confirmed there had been an increase in the use of agency staff within the Health and Social Care Partnership over the last few years and within the contracts we have in place there are strong contractors who are providing the agency workers. He stated test sampling completed in that area they were very good at ensuring that all of those processes were in place and the criticism was making sure we had a central registry system within the Council so there is one document to be able to identify all agency workers across the Council.

In response to a follow up question from Councillor Jardine, Mr Stainbank confirmed there were multiple reasons for using agency workers such as savings and to find the staff needed to run the service safely on a short-term basis. Paul Ritchie, Service Manager – People & Council Support explained there are two elements; high volume areas where agency staff are used short-term such as facilities management and care homes and also professional posts where there are recruitment issues therefore an agency worker could be provided for a longer period of time.

Michelle Cockburn, Transformation & Digital Portfolio Manager, Mr Stainbank and Ms Fortune proceeded to answer questions from Councillor McLeod, covering the stage gate process, how many managers are currently trained in the recruitment process and why the current grading for Agency Workers was sitting at limited assurance and the work being undertaken to improve this.

Councillor Ritchie asked if we have registers of the companies, we get agency staff from and what processes we had in place to ensure those companies are paying and treating their staff well. Ms Cockburn explained frameworks are in place for agency workers which are tendered so all relevant terms and conditions of fair work and practice are included in those. She added when a manager cannot recruit from one of the frameworks, they are required to speak to procurement to look at other national frameworks. Mr Ritchie stated his team are currently trying to gather this information so that a database will be available of who is in each service area.

Responding to a question from Councillor Menzies, Mr Stainbank stated all the recommendations within the report have timescales against them and by Autumn he would expect the vast majority of them to have been implemented.

Councillor Jardine asked for a ballpark figure on the timescale for Adult and Social Care Forecasting. Ms Fortune reassured Member the finance team had worked hard with IJB officers in order to ensure the finance information they are provided is accurate, robust and timely. She stated the process had very much improved and there were now clear timescales setting out what information will be provided and when. Ms Fortune stated we currently have a legacy that requires manual intervention which can cause delays within the process, this was the reason for the decision to look at a new finance system. Ellie Dunnet, Head of Finance then provided a further update on the new finance system project.

Mr Stainbank and Ms Nicola McDowell, Head of Education continued to answer questions from Members relating to the expected pupil ratio for schools within East Lothian and how the information regarding this will be merged with the Learning Estates Review. Ms McDowell agreed to provide Members with any specific data they wished to see that was not available within the Learning Estates Improvement Plan on the Members Library.

Councillor McFarlane asked if the lack of early learning places had been taken into account. Ms McDowell confirmed this was part of the Learning Estates Improvement Plan to take a strategic view of what provision was available in each area and the number of spaces will continue to be monitored closely. She was happy to have a discussion offline if Councillor McFarlane had any questions on specific areas.

Mr Stainbank continued the presentation of his report. He provided information on the follow-up reviews that had been completed since the previous Committee for the; Brunton Theatre Trust, Covid Recovery and Renewal Plan, HR, Payroll, Recruitment and New Starts, Climate Change, Risk Management and the Housing Management System Replacement Project.

Councillor McLeod asked if the completion date for the Housing Void Management was on target and if the work completed on roads was checked by an officer to make sure they are done to a high quality. Tom Reid, Head of Infrastructure explained roads officers carry out full inspections on all work completed by our contractors and any non-acceptable work would be immediately called back to the contractor to rectify, as was the case with an area Councillor McLeod had identified. He stated there had been issues with the previous contractor, so this contract was terminated so in terms of best value there is a clear audit trail to show the team have evaluated the quality of work and brought a new contractor in. Mr Stainbank explained internal audit will be meeting with the housing staff shortly to ensure they have the capacity to deal with that audit in time for September.

Responding to questions from Councillor Menzies, Mr Stainbank confirmed the delays with the climate change strategy are a result of the change in staffing, three recommendations had been partially implemented already and four were linked to target dates for reporting and these will be implemented for the next reporting period which is in a years' time. Ms Fortune provided assurance the transformation agenda had not been slowed up and it was right and proper to reset that portfolio and look at the key priorities. She added Ms Cockburn and her team had started to look at ensuring we've got suitable governance in place, and we are prioritising this appropriately and there is a clear focus on having a transformation programme which is supporting the Council going forward.

Councillor McLeod thanked Mr Stainbank for a thorough paper, and he was happy to hear of the issues highlighted and the work being done to resolve these.

Councillor Jardine stated internal audit are a critical friend and the level of positive response from officers can only improve services. She added she will always be an advocate for audit, governance and risk and thanked all officers involved.

Decision

That the Audit and Governance Committee note:

- i. the main findings and recommendations from the Internal Audit reports issued during the period from March 2024 to May 2024 as contained in Appendix 1;
- ii. the findings from Internal Audit's follow-up work, per Appendix 2;
- iii. Internal Audit's progress against the annual audit plan for 2023/24 as set out in Appendix 3.

3. COUNTER FRAUD ANNUAL REPORT

A report was submitted by the Service Manager – Internal Audit to inform the Audit and Governance Committee of the Counter Fraud and Whistleblowing prevention, detection and investigation work undertaken during 2023/24.

Duncan Stainbank, Service Manager for Internal Audit reported the Audit and Governance Committee approved the Shared Service arrangement with Midlothian Council in October 2022 and as part of the overall agreement the funds being received from Midlothian Council were utilised to recruit a Counter Fraud Officer. Mr Stainbank highlighted the four key areas of focus for the Counter Fraud Officer and provided information on the key successes from the NFI which has found £350,000 worth of future savings and £163,000 in incoming incorrect expenditure that is being recovered through Council processes. He added that through proactive fraud investigation £39,890 of recovery income had been identified with the majority already recovered and one council house has been brought back into use.

Councillor Bruce asked how a saving of over £200,000 is achieved by removing 50 people from the housing waiting list. Mr Stainbank explained this was the calculation the Council received from the National Fraud Initiative and they use the likelihood of waiting list cases being provided with a property when they shouldn't have, the duration for which a fraudulent case may continue undetected if it goes through and the cost of housing a family in temporary accommodation are both included within their calculation however, given the Council have very good processes for checking with tenants when they reach that point they are likely to be allocated a house he would assume those savings are overstated. Answering a follow up question from Councillor Bruce, Mr Stainbank explained in relation to the blue badges and the housing tenants element he highlighted the recovering figure rather than the

estimated figure as it is the important one to focus on as they will impact on the budgets of the Council. Wendy McGuire, Head of Housing added as she was not familiar with the NFI methodology she had queried those savings herself, but she reassured Councillor Bruce, in terms of the overall saving the team would try to quantify this more realistically.

Responding to another question from Councillor Bruce, Mr Stainbank explained the systems created could be continued on but the funding for this post is time limited. He added he would be arguing to continue this as we require someone in post to operate the systems.

Mr Stainbank continued to answer questions from Members relating to recouping financial costs and the impact this has within other teams in the Council, including the council tax team, HR and Housing and how shared staff resources from East and Midlothian Council could help the Counter Fraud Officer with savings in the future. He made Members aware the Council pay a small amount to a third party provider to give the Counter Fraud Officer access to a number of databases.

Councillor Menzies thanked Mr Stainbank for his report and was happy to see the positive outcomes for the Council.

Decision

The Committee agreed to note the contents of the report.

4. SHARED SERVICES WITH MIDLOTHIAN COUNCIL JUNE 2024

A report was submitted by the Service Manager – Internal Audit to provide the Audit and Governance Committee with the appraisal of the first 18 months of the shared service arrangement for the Chief internal Auditor service between East Lothian and Midlothian Councils.

Duncan Stainbank, Service Manager – Internal Audit reported during this period Internal Audit services had continued to be provided to both Councils in accordance with the Public Sector Internal Audit Standards and savings had been achieved in budgets across both Councils and these savings had been used to employ the Counter Fraud Officer.

Councillor Jardine asked to what extent did Mr Stainbank see shared behaviours, decision making and strategic thinking to influence how work has progressed. He confirmed there was a variety of benchmarks in terms of the control processes which allowed comparisons to be drawn between Councils and be able to provide efficiency in audit work.

Responding to a question from Councillor Bruce, Mr Stainbank explained there is potential for a service review within the East Lothian team over the next year, but this would be reported on at a later date.

Councillor McLeod asked who provided Mr Stainbank's salary and pension contributions. He explained the new SLA which is being signed up to by both Councils will take his budgeted costs for the year with a small additional administrative cost and then Midlothian is invoiced on a quarterly basis for half of these costs.

Councillor Menzies asked what Mr Stainbank, as the Service Manager, saw as the pros and cons of the shared service with Midlothian. Mr Stainbank said there were many pros; the ability to benchmark across the Councils and added resilience for staff

as both teams are small and felt the only con was his time being split across two Councils therefore, he did not have as much as he did previously to focus on solely on East Lothian elements but feedback, he has received shows both Councils feel the shared arrangement is working well.

Councillor Menzies thanked Mr Stainbank and his team for the report.

Decision

The Committee agreed to:

- i) Note the agreement of the East Lothian Council Executive team and the Midlothian Council Executive team, following the 18-month initial period, to the continuation of the Chief Internal Auditor shared service on an ongoing basis.
- ii) Approve the continuation of the Chief Internal Auditor shared service between East Lothian and Midlothian Councils on an ongoing basis.
- iii) Note that flexibility will be considered as part of the ongoing annual planning process for Internal Audit to widen the agreement to the potential sharing of Internal Audit and Counter Fraud resource staffing.

A roll call vote was carried out to approve the continuation of the Chief Internal Auditor shared service between East Lothian and Midlothian Councils on an ongoing basis.

The decision was to unanimously approve this recommendation. Councillor Ritchie confirmed her vote via email due to technical difficulties.

5. ANNUAL INTERNAL AUDIT REPORT 2023/24

A report was submitted by the Service Manager for Internal Audit to provide a summary of the work undertaken by East Lothian Council's Internal Audit team in 2023/24 and supports both the Council's Annual Governance Statement and the Internal Audit Controls Assurance Statement.

Duncan Stainbank, Service Manager – Internal Audit highlighted the 12 completed reviews for 2023/24, two of which were graded limited assurance, six which were graded reasonable assurance and four that were not graded. Therefore there was an opinion of reasonable assurance for the year.

Councillor McLeod asked why some reviews were not graded. Mr Stainbank stated as per Internal Audit procedures, when completing assurance statements they are usually to look at control processes where there is a specific issue or renewing change processes and providing some assurance on those changes. He added this doesn't allow for testing against those processes in operation over a significant period of time therefore those specific pieces of work were not graded.

Decision

The Committee agreed to note the contents of the report.

6. CONTROLS ASSURANCE STATEMENT 2023/24

A report was submitted by the Service Manager for Internal Audit to provide the Audit and Governance Committee with the response from Internal Audit which has a responsibility to independently review the internal controls systems within East Lothian Council, make an assessment of the control environment and report annually on the

overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

Duncan Stainbank, Service Manager – Internal Audit drew Members attention to Internal Audit's opinion; *"It is Audit's opinion, subject to the weaknesses outlined in section 3.10 above and the comments made in 3.12 and 3.13 above, that reasonable assurance can be placed on the overall adequacy and effectiveness of East Lothian Council's framework of governance, risk management and control for the year ended 31 March 2024."*

He highlighted the findings of the Brunton Theatre Trust audit, Agency Worker audit and ELC CR1 - Managing the Financial Environment and CR2 - Maintenance of Assets as very high risks on the Corporate Risk Register.

Responding to questions from Councillor McGuire, Mr Stainbank explained the case in question was now completed and it was following work from our Counter Fraud Officer in terms of an investigation which was brought to our attention by the service involved. He added there were controls in place which were not working as well as they normally would over the covid period which allowed that element of fraud to start and continue throughout however control processes have now been put in place in that area to ensure that fraud will not happen again, and they have been improved significantly to prevent that fraud from happening in the future. Mr Stainbank confirmed the money has now been fully recovered and further work on income reconciliations in smaller areas of the Council are currently being reviewed.

Councillor McFarlane asked if we were lacking staff to complete repairs on Council buildings. Mr Reid stated we had access to trades and contractors to complete work, but the main concern is around available budget both within the Council and external funding. He added we have a backlog of maintenance, and we are currently below the level of investment we require to remediate that, and no funding had been identified nationally to enable the Council to look at climate change and sustainability development of our assets. Mr Reid highlighted the specific assets of concern for Members.

Responding to a question from Councillor Menzies, Mr Stainbank explained there are certain controls we can influence but also an external environment partially in relation to financial environment.

Decision

The Committee agreed to note the contents of the report.

7. EAST LOTHIAN COUNCIL: ANNUAL AUDIT PLAN

A report was submitted by the Audit Director for Audit Scotland to present the East Lothian Council Annual Audit Plan 2023/24 to the Audit and Governance Committee.

John Boyd, Audit Director for Audit Scotland spoke to his report noting the plan itself formed two aspects; Audit Scotland's responsibilities as external auditors in relation to issuing an opinion on the financial statements as well as wider responsibilities under the code of audit practice. Mr Boyd highlighted key aspects of the financial statements audit which included the materiality levels for 2023/24 audit and significant risks of material misstatement. Mr Boyd advised in terms of audit planning, Audit Scotland used a risk based audit approach which involves understanding the organisation, systems and internal control and considering the risk of where there is material

misstatement in the financial statement. He made Members aware two areas had been identified which were classed as significant risk of material misstatement:

- Risk of material misstatement due to fraud caused by management override of controls
- Estimation in the valuation of land and buildings

Mr Boyd then covered the focus of the wider scope audit work where Audit Scotland would consider the financial sustainability, vision, leadership and governance and the use of resources to improve outcomes. He added as part of the annual work on best value, his team would conduct thematic reviews on workforce innovation and will consider how the Council is responding to the current workforce challenge through building capacity, increasing productivity and innovation. Mr Boyd gave an update on the reporting arrangements and timelines for 2023/24 and explained how the audit fee is reached.

Responding to a questions from Councillor McLeod, Mr Boyd explained other reports are front end of accounts which includes the annual governance statement and making sure disclosures around that are appropriate. He added statutory requirements around this evolve over time and this would be reflected in the overall audit opinion. Mr Boyd also provided details of the significant risks to the material misstatement to the Council's accounts which was mentioned within his report and stated the fee contribution towards performance and best value team which is charged across all local authority audits to cover the cost of delivering detailed work they do. He added that element of the fee is calculated centrally to ensure there is an equal proportion across local authorities which is set based on their overall fee.

Councillor Jardine asked how many people were involved in carrying out the audit work for that amount of fee. Mr Boyd confirmed there were two aspects of the core audit team but there were eight people of various levels within this team which was over seen by the Senior Auditor Manager and himself.

Councillor Menzies asked what risks had been identified in setting the timetable and are the Council teams able to deliver the necessary work to the timetable. Ms Dunnet confirmed the finance team would work with external auditors to ensure the audit can be completed as smoothly and efficiently as possible and were open to plans having to be adapted should any challenges present themselves on either side. She added the later the audit goes on the greater the challenge for the team due to budget development work, but she hoped they would be able to return to the statutory timetable over the next couple of years and the team remained committed to working with external audit.

Councillor McLeod highlighted that in audit accounts from 2022/23 highlighted the Council had appropriate arrangements in place for prevention of fraud and corruption and was grateful this had been mentioned and dealt with today.

Councillor Menzies stated for the detection, assurances and complex work that external audit provide the Council is absolutely necessary. She thanked Mr Boyd and his team for the work they do and the report they provided.

Decision

The Committee agreed to note the contents of the report.

8. COUNCIL IMPROVEMENT PLAN: UPDATE JUNE 2024

A report was submitted by the Chief Executive to present the Audit and Governance Committee with an update on the 2024 Council Improvement Plan.

Mr Paolo Vestri, Service Manager – Policy presented his report and highlighted the 16 actions, three of which were carried forward from the 2021/22 plan. He stated when Council agreed the 2024 Council Improvement Plan, they agreed to add another action relating to climate change which is proposed action 16; *“In order to ensure that the Council meets its climate change and net zero commitments, the Council should enhance its monitoring of its Climate Change Strategy and the Climate Change Action Plan. Progress will be reported to the PPR Committee twice a year.”* Mr Vestri drew members attention to action four in appendix one which was to report on reprioritising the Council Plan which was due to go to the Council meeting in June but has been pushed back to September due to the General Election. He noted six actions are either completed or scheduled to be completed and eight actions are ongoing.

Responding to a question from Councillor McLeod, Mr Vestri confirmed the two ongoing actions were related to the Council budget which has been approved since this report was drafted, therefore both of those actions are now complete.

Councillor Menzies stated the Council Improvement Plan was reported on at full Council recently which is why there has not been a great deal of questions. She also congratulated Mr Vestri on his upcoming retirement from East Lothian Council after 15 years of service.

Decision

The Committee were happy to note the report.

9. ANNUAL TREASURY MANAGEMENT REVIEW 2023/24

A report was submitted by the Executive Director for Council Resources to update the Audit and Governance Committee on the Treasury Management activity during financial year 2023/24.

Ann-Marie Glancy, Service Manager – Corporate Accounting made Members aware the figures contained with the report are based on the draft unaudited accounts which will be lodged with Members Library prior to submission for audit by 30 June, the figures therefore remain in draft until the audited accounts are complete and should any significant changes arise during this process, Members would be kept fully informed.

Ms Glancy presented her report providing Members with information on the Council's Capital Expenditure and Financing, Overall Borrowing Need and Treasury Position. She also took Members through the investment and borrowing strategy and control of interest rate risk, the investment activity for 2023/24 and prudential and treasury indicators.

Councillor Jardine asked what parameters we normally worked with within the HRA and was their scope for the rate to be increased. Ms Glancy stated it was based on what the HRA can afford so currently the CFR is just over 85% and is covered by actual external borrowing and the rest by internal funding and if you change that mix it would mean increase interest on the additional borrowing but also associated costs on the reduction of the under borrowing. She stated the Financial Strategy sets the parameters for HRA borrowing and the current controls cap the debt charges. These were self-imposed controls and are reviewed on an annual basis and the team do

recognise the need to balance capital investment in housing and feel the current level remains appropriate.

Responding to questions from Councillor McLeod, Ms Glancy explained the authorities mentioned have borrowed from us and we have invested so there has been no local authority borrowing. She also confirmed that Investec hold all of the Common Good and all mentioned Trusts.

Councillor Menzies thanked Ms Glancy for her report.

Decision

The Committee agreed to note the report.

10. CORPORATE GOVERNANCE SELF-EVALUATION AND ANNUAL GOVERNANCE STATEMENT 2024

A report was submitted by the Chief Executive to advise Members of the results of the Corporate Governance Self-evaluation 2024.

Duncan Stainbank, Service Manager – Internal Audit stated the Council adopted the principles of Corporate Governance based on the CIPFA/SOLACE guidance in 2010 and a newly published 'delivery good governance' framework in 2016. This is based on Section 3.7 of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom which governs the preparation and publication of an Annual Governance Statement.

Mr Stainbank highlighted the seven core principles of the framework which have been assessed by the Councils CMT and have all been assessed as either good or very good. He noted evidence of this work had also been drawn by Audit Scotland through the Councils Improvement Plan Monitoring and the new Councils Self-Evaluation Framework. The conclusion of the evaluation has left two actions to take forward; work to close the residual budget gap and continue to monitor the PRD assessment processed being completed and taking action to improve the percentage of them being completed on an annual basis.

Ms Dunnet, Mr Stainbank and Ms Fortune responded to questions from Councillor Menzies, providing information on the work officers will undertake to continue to close the residual budget gap and how they will work to increase the uptake on PRDs being completed throughout each service. Ms Fortune confirmed lack of resourcing was not an issue in completing PRDs, but a number of services did remain in business continuity so do continue to be challenged and the lack of completion was more based on the demands and obligations placed on all services which makes the PRD process difficult. Ms Dunnet confirmed the Council already scenario plan in terms of financial planning and provided further information on the types of variables which would be included in this planning.

Decision

The Committee agreed to note the report.

11. CORPORATE RISK REGISTER

A report was submitted by the Chief Executive to present to the Audit and Governance Committee the Corporate Risk Register for discussion, comment and noting. The Risk Register is developed in keeping with the Council's Risk Management Strategy and

are live documents, which are reviewed and refreshed on a regular basis, led by the Corporate Risk Working Group.

Lee Wright, Emergency Planning, Risk & Resilience Officer 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 Corporate Risk Register includes 5 Very High Risks, 9 High Risks, 6 Medium Risks and 1 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.

Responding to a question from Councillor Jardine, Ms McGuire explained the level of risk around homelessness remained high due to new changes to legislation and although a number of things are being done within the team to improve the current situation there are still a number of factors to be considered. She confirmed the team were currently in the process of service transformation to align the team with changing legislation and more needed to be done to ensure improvement was long lasting therefore an action plan is being pulled together over the next few months which will be reviewed against the impact on homeless figures.

Councillor McLeod asked when we should expect to see change. Mr Wright explained the documents were live and when a risk mitigation was ready to be moved from a planned to a current it would be updated.

Councillor McFarlane asked if the changes to local connection had affected homelessness in East Lothian. Ms McGuire confirmed these have affected homelessness in East Lothian, but she did not have the exact data to hand but would provide this offline.

Responding to questions from Councillor Menzies, Ms Fortune stated there were a wide number of external risks which are out with our control which impact how we deliver Council services. She also confirmed as part of the transformation we are trying to reshape the portfolio to align and support how the Council will transform service delivery and ensure ongoing financial sustainability. Mr Reid provided specific examples of services going through transformation changes which included Estates and the tree team within Sport, Leisure and Countryside.

Decision

The Committee agreed to note:

- i. the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
- ii. the total profile of the Corporate risk can 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 and are likely to be a feature of the risk register over a number of years.
- iv. Note that the Council Management Team will review all risks in the Corporate Risk Register on a regular basis.

Signed

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