

10 December 2020 at 1 pm.

A Remote Meeting of the **AUDIT AND SCRUTINY PANEL**

PRESENT

Councillor Gallacher, Convener; Councillor Stevenson, Vice-Convener; Councillors Hogg, Hume, Alan Valentine and Watson.

CHAIR

Councillor Gallacher (Convener) presided.

IN ATTENDANCE

The Head of Regulatory Services and Waste Solutions, Audit and Risk Manager, Business Strategy Manager, Business Manager (Performance and Resource), Principal Auditor, Information Risk Manager and Committee Officer.

ALSO IN ATTENDANCE

G. McCreadie (Senior Auditor) (Audit Scotland).

APOLOGIES

Councillors Anderson, Burrows, T. Johnston and Morgan.

DECLARATIONS OF INTEREST IN TERMS OF THE ETHICAL STANDARDS IN PUBLIC LIFE ETC. (SCOTLAND) ACT 2000

1. There were no declarations of interest.

BENCHMARKING RESULTS - LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF)

2. There was submitted a report by the Head of Business Solutions recalling the latest result from the Local Government Benchmarking Framework (LGBF) indicators which were considered at the meeting of the Panel in September 2019 and advising that, thereafter, a programme of scrutiny based on the level of performance achieved in service areas had been established (1) highlighting that, since September 2019, the National Dataset had been updated and the Council's position in certain benchmarking indicators had changed; (2) intimating that benchmarking indicators were a useful tool to inform improvements to services and outcomes and that, in this respect, the LGBF indicators were designed to provide initial information about a service; (3) providing the Panel with a summary of the analysis to identify which indicators, and service areas, demonstrated improved performance over time and were favourable when compared to the national average; (4) advising that each year, the Improvement Service produces a national benchmarking overview report which provides a high level review of all benchmarking indicators in the framework and recommending that, following publication of the national overview report and its initial phase of 2019/20 results at the end of February/early March 2021, the Improvement Service attend a meeting of the Panel early in 2021 to enable members to be presented with invaluable context surrounding the national picture for each of the indicators; (5) reporting that, having reviewed the analysis change in the latest performance results, and thereafter having identified and prioritised the service areas where further information is required in order to understand and investigate the change in more detail, these would be added to the Panel's Programme of Scrutiny for 2021, and (6) attaching, as an Appendix to the report, performance data on a number of indicators related to various service areas of the Council.

Susan Lawrie spoke to the report, following which the Panel agreed:-

- (1) that the contents of the report and accompanying Appendix be noted;
- (2) that it be agreed that the Improvement Service be invited to attend a meeting of the Panel early in 2021 in order to present the findings and context from the national overview report, and
- (3) that the next steps as detailed in the report be noted.

UPDATE ON THE STATUS/ACTIONS TO SECURE PCI/DSS COMPLIANCE

3. There was submitted a report by the Head of Business Solutions providing the Panel with an overview of the Council's Project Plan for achieving compliance with the Payment Card Industry Data Security Standard (PCI DSS) and summarising the main steps that are in progress, and plan to happen, for PCI DSS compliance to be achieved and identifying any risks that may affect project completion (1) explaining that, in 2006, those companies providing payment card banking services formed a Payment Card Industry/Security Standards Council (PCI SSC) which in turn created a set of security standards of safe payments worldwide, known as the PCI Data Security Standard (DSS) which focuses on securing the ICT systems to support card transactions; (2) informing the Panel that as of the October 2019 PCI DSS assessment, the Council fell into a state of non-compliance which could have led to the potential termination of the contract the Council had with Lloyds Cardnet, the Company which handles all card transactions for the Council; (3) detailing that remedial action had been undertaken jointly by Financial Solutions and Business Solutions, which with the aid of Lloyds Cardnet PCI DSS Compliance Team, had resulted in sufficient compliance being achieved to enable card transactions to continue although this was a short-term development and further actions in the area of governance required to be implemented to maintain compliance longer-term; (4) highlighting that through discussion at the Panel meeting on 3 September 2020, Business Solutions had set a target date for achieving compliance with PCI DSS requirements of September 2021 and that, to this end, a project plan had been developed that identified the main steps that required to be completed to meet that timeframe; (5) outlining the main headline activities required to create that project plan and providing a narrative on each of its six stages and (6) reinforcing that the Panel requires to be aware of the complexity in obtaining PCI DSS compliance and asking it to note that continued compliance can only be obtained through group governance, informed risk management and appropriate service engagement to ensure progress.

Rob Leitch spoke to the report, following which the Panel agreed:-

- (1) that the content of the report, and actions associated with delivering compliance, be noted, and
- (2) that the significant work still required to achieve compliance within the set timeframe be noted.

AUDIT AND RISK - RELATED ITEMS: ACTION LOG

4. There was submitted a report by the Audit and Risk Manager providing details of requests and recommendations made by the Panel in respect of Audit and Risk related items in the previous 18 months which thereby permitted the Panel to track implementation of such requests and recommendations in the action log attached to the report at Appendix 1.

Ken Adamson spoke to the report following which the Panel agreed that the contents of the report be noted.

INTERNAL AUDIT: FOLLOW-UP OF ACTIONS PREVIOUSLY AGREED BY MANAGEMENT IN RESPONSE TO AUDIT RECOMMENDATIONS

5. There was submitted a report by the Audit and Risk Manager (1) detailing the extent to which management had implemented actions previously committed to in response to recommendations in Internal Audit reports, where those actions were due to be completed by the end of the period January to September 2020; (2) advising that Internal Audit had concluded that 21 out of the 54 actions agreed in response to relevant Internal Audit recommendations had been completed with 25 partially implemented and 8 no longer relevant, and (3) attaching, as an Appendix to the report, details of the definitions for residual risk ratings.

Ken Adamson spoke to the report following which the Panel agreed that the contents of the report be noted.

INTERNAL AUDIT PROGRESS REPORT

6. There was submitted a report by the Audit and Risk Manager (1) setting out an overview of Internal Audit activities; (2) outlining the results of Internal Audit outputs finalised since the last progress report submitted to the meeting of the Panel in September 2020; (3) detailing the most significant issues arising from the recently completed audit work; (4) reporting on a number of other matters of relevance namely (a) that an independent External Quality Assurance Review (EQAR) had been undertaken on Internal Audit and had been reported to the Panel in September 2019 and that, subsequently, an action plan had been presented to the Panel with a commitment to regularly update Members on the implementation of the identified improvement actions and reporting that, due to the Covid-19 pandemic, many of the agreed actions had not been significantly progressed in recent months and that a more detailed update on progress would be reported to the Panel in early 2021, and (b) that the Council participates in the National Fraud Initiative and confirming that it had submitted all of its agreed data in October 2020 and that data matches would be released back to councils for investigation in February 2021 with further updates to be provided to the Panel throughout 2021 on progress, and (5) attaching, as an Appendix to the report, a summary of Internal Audit assignments completed in the period.

Ken Adamson spoke to the report following which the Panel agreed:-

- (1) that Internal Audit provide a report to future meetings of the Panel on progress made by management implementing agreed management actions in relation to all audit recommendations categorised as "red" or "amber, and
- (2) that otherwise, the contents of the report be noted.

RISK MANAGEMENT UPDATE

7. There was submitted a report by the Audit and Risk Manager (1) providing an update to the Panel on risk management developments in the period including progress on reviewing, assessing and managing risks contained within the Council's Corporate Risk Register; (2) reminding the Panel that each year the Corporate Risk Register is formally reviewed for completeness and continuing relevance and alignment to the Council's strategic objectives contained in "The Plan for North Lanarkshire" and the revised Programme of Work; (3) explaining that consideration had been given to whether risks at service-level needed escalation and that informal comparisons with other local authorities' Corporate Risk Registers had also been made to inform the review process; (4) informing the Panel that the formal annual review for 2020/21, which had been postponed from earlier in the year due to the ongoing Covid-19 pandemic, had now been completed and agreed by the Council's Corporate Management Team; (5) updating the Panel on the outcome of the review process and presenting the current Corporate Risk Register for 2020/21 and highlighting that, although there had been some changes from the previous year and a number of individual risks scores had been removed as a result

of current events, the revised Corporate Risk Register was broadly similar to the previous year with the addition of one new risk in relation to the "Administration of Elections" which clearly presents significant additional challenges given the current circumstances; (6) highlighting key recommendations and planned management actions arising from the recent Internal Audit report on risk management and setting out a proposed cycle of future updates to the Panel on key corporate risks, and (7) attaching, as an Appendix to the report, a summary of the Corporate Risk Register 2020/21.

Ken Adamson spoke to the report following which the Panel agreed:-

- (1) that the proposed Corporate Risk Register for 2020/21, attached as Appendix 1 to the report, including the addition of a new risk "Administration of Elections", be noted;
- (2) that it be noted that work is currently being progressed by risk management staff working with senior management leads to monitor, review and complete updated documentation as necessary in relation to the risks described in the report;
- (3) that the proposed cycle of future updates to the Panel on key corporate risks, as detailed at table 1 in the report, be approved, and
- (4) that otherwise, the contents of the report be noted.

RISK MANAGEMENT UPDATE: KEY CORPORATE RISKS - BUSINESS CONTINUITY PLANNING

8. There was submitted a report by the Head of Regulatory Services and Waste Solutions reporting that the Council's Corporate Management Team had identified a number of key corporate risks which were subject to periodic review by management to ensure that the risk is properly understood and being adequately controlled and providing the Panel with an overview of management's current assessment of corporate risk "Business Continuity Planning", with particular reference as to how the current arrangements had performed during the ongoing pandemic and also highlighting the current key management processes and controls which are designed to mitigate this risk, as well as any planned actions which are intended to enhance the current controls or mitigate the risk further (1) explaining that as part of the agreed approach to the management of key corporate risks, each risk has a nominated member of the extended Corporate Management Team as Risk Lead and further advising that this particular risk was aligned to the Corporate Resilience Management Team with the Head of Regulatory Services and Waste Solutions identified as the Corporate Risk Lead; (2) highlighting that the Civil Contingencies Act 2004 and the Civil Contingencies Act 2004 (Contingency Planning) (Scotland) Regulations 2005 defined local authorities as Category 1 Responders and, as such, are required to fulfil certain statutory obligations in respect of contingency planning and business continuity; (3) reminding the Panel that, following an Internal Audit report in November 2018 in which it was noted that there had been significant progress in improving the Council's overall business continuity arrangements, a number of additional actions had been identified as being required to further improve the Council's overall resilience through effective Business Continuity Planning (BCP); (4) advising that all Council Services had been asked to fully review their business continuity arrangements and that this had been completed on 31 October 2020 with the consequence of this being that a revised Corporate Business Continuity Plan was now in place which was further supported with detailed BCPs at each Service level; (5) commenting on the robustness of the updated Plan; (6) intimating that, following approval of the updated resilience planning and business continuity arrangements by the Corporate Management Team, information on the new guidance and the new resilience documents had been issued to all senior officers and updated on the Council's Intranet system; (7) reporting on a number of resilience response awareness sessions which had been organised in June 2019 and attended by senior officers across all Services of the Council; (8) detailing that the Council has an ICT Disaster Recovery Plan which provides support and guidance to the Disaster Recovery Team to recover from a significant disruption to ICT services; (9) reminding the Panel that an overview of the Disaster Recovery Plan and testing arrangements had been presented to it on 18 September 2019 and that maintenance of the Disaster Recovery Plan would be incorporated into the Digital NL Programme to ensure continuity and consistency of approach; (10) advising that

the Council had engaged a specialist system integrator partner to develop, build and implement the technology changes and visions within the Digital NL Transformation Programme and that working collegiately with the system integrator, an independent review of disaster recovery requirements would take place during the discovery and design stages, with outputs considered by the Council's Enterprise Architecture Governance Group, which has a remit to ensure disaster recovery arrangements are considered and implemented consistently going forward, and (11) attaching, as an Appendix to the report, a deep dive risk review of corporate risk "Business Continuity Planning".

Andrew McPherson spoke to the report following which the Panel agreed that the contents of the report, and the Appendix to the report, be noted.