

AGENDA ITEM NO.1**CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.**

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 20th May 2010 at 10.00 a.m.

Present: Councillors Bill Grant (Chair), Sandra Goldie, Mairi Low, Helen Moonie, Alec Oattes and Mike Peddie.

Apologies: Councillors Brian Connolly; and John Hampton.

Attending: E. Howat, Executive Director – Corporate Services; D. Alexander, Head of Corporate Resources; A. Wilson, Head of HR and Organisational Development; C. Monaghan, Head of Policy, Performance and Communication; P. Linton, Performance and Change Management Manager; H. McLaughlin, Audit Services / Programme Review Manager; C. Boyd, Corporate Safety Manager; W. Gray, Property and Asset Manager; A. Shilliday, Procurement Manager; V. Stewart, Community Planning Co-ordinator; and D. Knight, Committee Services Officer.

Also Attending: Asif Haseeb, Senior Audit Manager, Audit Scotland.

1. Opening Remarks.

In the absence of the Chair, Councillor Grant took the chair and welcomed everyone to the meeting.

2. Variation in order of business.

In terms of Council Standing Order No. 10, the Panel agreed to vary the order of business as hereinafter minuted.

3. Minutes of previous meetings.

Decided: to note the Minutes of the previous meeting of 22nd April 2010 (issued).

WIDER SCRUTINY PANEL BUSINESS:-

4. Strategic Review of Absence.

There was submitted a report (issued) of 13th May 2010 by the Head of HR and Organisational Development advising

- (1) of the progress to date with the strategic review of absence including the absence statistics for the Council for the period from 1st January to 31st March 2010 and for the year 2009/10;
- (2) that based on the total number of days lost through absence for this quarter, the estimated annual average number of days lost per employee would be 11.92 days and that the overall absence figure for the quarter from 1st January to 31st March 2010 (5.35%) showed a decrease of 0.62% on the same period in 2009 (5.97%);

- (3) that during 2009/10 a total of 58,477.5 days had been lost, the absence rate for 2009/10 was 4.72% and the average days lost per employee was 10.5 and that comparison with the period from April 2008 to March 2009 showed that the absence rate had decreased from 5.71% and the average days lost per employee had reduced from 10.9; and
- (4) that the top two main reasons for employee absence for this period remained gastrointestinal and respiratory, the main reasons for occupational health referrals from January to March 2010 were psychological and musculoskeletal and that the top four reasons for absence during the year 2009/10 were gastrointestinal (22.6%), respiratory (17.15%), musculoskeletal (15.2%) and psychological (13.03%).

Various questions were raised by Members of the Panel in relation to how this Council's absence figures compared with other Scottish Councils, the impact of the "fit note" on absence, whether a "fit note" could be challenged by a patient and the potential liability of and implications for doctors when issuing a "fit note" and the Head of HR and Organisational Development responded accordingly.

Decided: to note the absence statistics as outlined within the report.

5. Improvement Agenda Strand 7 – Efficiency and Effectiveness.

There was submitted a report (issued) of May 2010 by the Head of Policy, Performance and Communication

- (1) providing information on the progress being made in relation to Improvement Strand 7 which related to Efficiency and Effectiveness; and
- (2) advising
- (a) that the efficiency and effectiveness Improvement Strand was being taken forward by concentrating on four main areas;:
- Human Resources related issues;
 - procurement;
 - asset management; and
 - risk management;
- (b) that other improvement work would also make a contribution to efficiency and effectiveness with many of the service reviews, for example, being concerned with improving how to do things which would contribute to improving the organisation's efficiency and effectiveness; and
- (c) that the focus of this strand was in responding to the Best Value audit report comments:-

"Support the efficiency programme and the effective delivery of services by tackling staff absences, developing more effective workforce planning, rationalising assets, using more effective procurement processes and better identifying and managing risks".

The Head of HR and Organisation Development gave an overview of the current status of Human Resources related work.

The Head of Corporate Resources gave an overview on the current status of procurement related work and various questions were raised by Members of the Panel in relation to

- the recent press release on procurement;
- how many local businesses were on the portal for the Quick Quote facility;
- the implications on procurement of the McClelland Report;
- the procedures for procurement;
- how would small businesses be informed of the new procedures;
- the implications of carbon emissions on procurement; and
- the threshold for contracts.

The Head of Corporate Resources responded accordingly and advised that he would

- circulate the recent press release on procurement to Elected Members;
- circulate the information on the numbers of Ayrshire businesses on the portal for the Quick Quote facility, when available to Members; and
- examine the threshold for the particular contract that had been raised.

The Head of Corporate Resources gave an overview on the current status of risk management related work.

The Property and Asset Manager gave an overview on the current status of asset management related work and various questions were raised by Members of the Panel in relation to the nine buildings recommended for closure during 2010/11, the work programme and concerns about future development of the strategy and processes for Asset Management, to which he responded accordingly.

Decided: to note progress in relation to Improvement Strand 7.

6. Single Outcome Agreement – End Year Progress Report 2009/10.

There was submitted a report (issued) of 4th May 2010 by the Head of Policy, Performance and Communication

(1) advising

- (a) that the Community Planning Board on 24th March 2010 had approved the proposed Performance Management and Reporting Framework, of which there was a requirement to report progress on the Single Outcome Agreement (SOA) twice a year, a mid year report in October/November of each year and an end year Report in May/June of each year;
- (b) that this biannual reporting had been supplemented by Theme Groups reporting throughout the year on their activity and progress in relation to the SOA objectives;
- (c) that it was important to note that this report represented the first attempt to bring together a complete picture of the progress made towards delivering on the commitments made in the SOA across all the Theme Groups and as such, further detailed analysis of this base data was required in order to produce a more comprehensive picture of progress made against the SOA objectives and indicators which would inform the development of the Annual Progress Report; and

- (d) that the full draft Annual Report would be submitted to the Community Planning Board on 25th August 2010 before being submitted to the Scottish Government in September 2010; and
- (2) detailing the progress being made in delivering the Single Outcome Agreement in 2009/2010.

A question was raised by a Member of the Panel in relation to South Ayrshire 1000 being asked to sound out the views of local residents on future issues and policies and the Head of Policy, Performance and Communication responded accordingly.

Decided: to note the information contained in the report and accompanying Single Outcome Agreement Action Plan Progress Reports.

AUDIT FUNCTION:-

7. Follow-up of External Audit Reports – Progress to 31st March 2010.

There was submitted a report (issued) of 11th May 2010 by the Executive Director – Corporate Services

- (1) providing an update on the progress that the Council had been making in overtaking its external audit improvement actions;
- (2) highlighting that, in terms of the sixty-nine actions due to be completed by 31st March 2010, fifty had been completed and nineteen had a revised target;
- (3) outlining that, in terms of the fifteen External Audit actions due for completion from 1st April 2010, two had been completed, twelve were on target and one had not started; and
- (3) advising that a procedure had been developed whereby the Directorate Management Teams would review the position for any actions that were not capable of being delivered to the original schedule and that taking account of the circumstances involved, they would then authorise a revised timescale that the manager concerned could work to, and towards which they would work to support and assist them.

Decided:

- (a) to note the progress being made as outlined in Appendix 1 of the report; and
- (b) to agree the proposals for the management of any extensions to the timescales for such actions, as outlined in paragraphs 4.3 and 4.4 of this report.

8. Internal Audit Service – Annual Audit Plan 2009/10 – Progress Report.

With reference to the Minutes of 28th May 2009 (Page 312, paragraph 3), there was submitted a report (issued) of May 2010 by the Audit Services / Programme Review Manager advising

- (1) of the progress and current position of the Annual Audit Plan from 1st June 2009 to 30th April 2010 and outlining the productivity of the section; and
- (2) that a summary progress report showing actual activity, on a line by line basis against the original Audit Plan, was attached as an Appendix to the report.

A question was raised by a Member of the Panel in relation to the 10 days allocated to the Ayrshire Valuation Joint Board and the Audit Services / Programme Review Manager responded accordingly.

Decided:

- (a) to note the progress of the Annual Audit Plan for 2009/10; and
- (b) to request that the Audit Services/Programme Review Manager submit similar reports to future meetings of this Panel.

9. Internal Audit Service – Follow-up of Internal Audit Reports – Progress Report.

There was submitted a report (issued) of May 2010 by the Audit Services / Programme Review Manager

- (1) advising of the current status of Directorate progress regarding the implementation of Action Plans contained within internal audit reports;
- (2) referring to the meeting of 26th March 2009 when it had been agreed that Directorates should submit written reports to future meetings of this Panel explaining the reason for requesting second or subsequent extensions of time to complete outstanding action plan points;
- (3) informing that, as at the cut-off date of 7th May 2010, one action plan point was outstanding as noted in CPMS and reporting that there was one extension request as it was now at the second request stage; and
- (4) intimating that since the previous meeting of this Panel, fourteen reports had been issued and that a summary of these reports, excluding those for the Community Councils, had been included as Appendices to the report.

Questions were raised by Members of the Panel in relation to the costs and benefits of auditing Community Councils, the misappropriation of funds and whether car parks were revenue generating and the relevant Officers responded accordingly.

Decided:

- (a) to note the progress of Directorates in the implementation of agreed action plan findings;
- (b) to approve the Directorate requests for extensions of time as outlined in Appendix 1(a) of the report to implement agreed internal audit action plans; and
- (c) to request that the Audit Services/Programme Review Manager submit reports to future meetings of this Panel.

10. Internal Audit Service – Statement on Internal Controls.

There was submitted a report (issued) of May 2010 by the Audit Services / Programme Review Manager

- (1) advising
 - (a) that he was required to present an annual statement on the adequacy and effectiveness of the internal control system of the Council for the year ended 31st March 2010; and
 - (b) that this statement was provided in advance of the annual internal audit report and that work was still ongoing to complete the annual audit plan and the annual report would be submitted to a future meeting of this Panel, however, work on the main areas in the audit plan had been sufficiently completed to allow him to be able to issue the statement on internal controls; and
- (2) indicating that the statement was attached as an Appendix of the report together with a checklist used for the assessment of the high level review of adequacy and effectiveness of the Council's system of internal control.

Decided: to agree the statement on Internal Controls for the financial year 2009/10.

11. Internal Audit Annual Plan 2010/11.

There was submitted a report (issued) of May 2010 by the Audit Services / Programme Review Manager

- (1) seeking approval of the annual Audit Plan for 2010/2011, attached as Appendix 1 of the report; and
- (2) advising
 - (a) that CIPFA's "Code of Practice for Internal Audit in Local Government in the United Kingdom" required that "the Head of Internal Audit should prepare a risk-based internal audit plan ..." with this Code also requiring that "[the] audit plan should be fixed for a period of no longer than one year";
 - (b) that the audit work for the year 2009/10 would be substantially completed by the end of May 2010;

- (c) that for 2010/11, the Plan had been prepared to reflect the constantly changing environment in which the Council operated and also to include the wider considerations of risk and that the annual Audit Plan submitted for approval contained the areas to be audited, the time allocated for each audit and, for Members' information, the specific objectives set for the work in each item in the plan;
- (d) that the CIPFA Code required that an audit strategy should be developed and maintained for the service and that the proposals constituted a change of strategy for the delivery of the internal Audit Plan;
- (e) that since the original Strategic Plan had been approved there had been an ever-increasing move to the formal identification of risks and to the requirement for formal processes of risk management within Councils and that this was also evident in the Priorities and Risk Framework approach being adopted by Audit Scotland for the external audit of local authorities with this methodology being adopted to enable auditors to *"...identify risks which are unique to individual councils and...gain a better understanding of the business priorities and risks facing the organisations they audit"*; and
- (f) that this had resulted in a re-evaluation of the methods adopted to deliver the annual plan of audit work so that it could be aligned to the risks identified by management; and
- (3) highlighting the elements of the 2010/11 Plan as follows:-
- core systems;
 - continuous audit;
 - regularity work;
 - Directorate risks; and
 - assurance statements.

Questions were raised by Members of the Panel in relation to whether check and balances would be built into the self-assessment system and implications of measuring the self-assessment system, and the Audit Services / Programme Review Manager responded accordingly.

Decided:

- (i) to approve the annual operational Audit Plan for 2010/11; and
- (ii) to request the Audit Services / Programme Review Manager to implement the annual operational plan and to provide updates on progress with the plan to future meetings of this Panel.

12. Panel Work Programme – Role of the Audit Panel Working Group.

Councillor Peddie provided an update on the current position in relation to the work of the Role of the Audit Panel Working Group and that examples of Standing Orders relating to the Audit function had now been received from some other local authorities.

Decided: to note

- (1) the current position and that a further update would be reported to a future meeting of this Panel; and
- (2) that he would e-mail the documents to Elected members and that a summary of the Standing Orders would be prepared for consideration at the next meeting of the Working Group.

13. Matter Arising.

Some Members of the Panel expressed concern about the absence of the Chair and the Resources and Performance portfolio-holder.

Decided: to note the comments.

The meeting ended at 11.55 a.m.