

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 26th May 2011 at 10.00 a.m.

- Present: Councillors Brian Connolly (Chair), Bill Grant, Mairi Low, Helen Moonie, Alec Oattes and Mike Peddie.
- Apologies: Councillors Sandra Goldie and John Hampton.
- Attending: E. Howat, Executive Director – Corporate Services; V. Andrews, Head of Legal and Administration; D. Alexander, Head of Corporate Resources; A. Wilson, Head of HR and Organisational Development; C. Monaghan, Head of Policy, Performance and Communication; H. McLaughlin, Audit Services/Programme Review Manager; A. Shilliday, Procurement Manager; P. Linton, Performance and Change Management Manager; A. McLeod, Performance and Business Manager; D. Strang, Schools and Service Support Manager; C. Gardner, Senior Strategic Planning and Performance Management Officer; and E. Wyllie, Committee Administration Officer.
- Also Attending: Councillors Robin Reid (Portfolio-holder), Ian Douglas and Elaine Little and Asif Haseeb, Senior Audit Manager, Audit Scotland.

1. Item for Call-in.

The Panel noted that there had been no call-ins for this meeting.

2. Minutes of previous meeting.

Decided: to note the Minutes of the previous meeting of 28th April 2011 (issued).

AUDIT FUNCTION:-

3. Internal Audit Service – Internal Audit Plan 2011/12.

There was submitted a report (issued) of May 2011 by the Audit Services/Programme Review Manager

- (1) seeking approval of the Annual Audit Plan for 2011/12 as outlined in Appendix 1 of the report which 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;
- (2) advising that the audit work for the year 2010/11 would be substantially completed by the end of May 2011; and
- (3) indicating that the 2011/12 Audit Plan had been prepared to reflect the constantly changing environment in which the Council operated and also included the wider consideration of risk, with the elements being:- Core Systems; the Continuous Audit process; Regularity Work; Directorate Risks; and Assurance Statements.

Various questions were raised by Members of the Panel in relation to:- Cash Income and Banking and whether this included income from parking vouchers; ICT inventory checks and whether appropriate processes were in place in terms of security of IT equipment and the data contained therein; whether there was still an ongoing need for stock retention; the allocation of days per task and was this reviewed annually; the formal audit needs assessment and whether there was sufficient staffing; and Corporate Governance work as this duty lay with Members. The Audit Services/Programme Review Manager responded accordingly and reported that, in relation to Corporate Governance, the remit of the Internal Audit section would not involve auditing the role of Members and that he would make this clear in future reports.

Decided:

- (a) to approve the Annual Audit Plan for 2011/12; and
- (b) to request the Audit Services/Programme Review Manager to implement the annual operational plan and provide updates on progress with the plan to future meetings of this Panel.

4. Audit Service – Statement on Internal Controls.

There was submitted a report (issued) of May 2011 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 2011; and
 - (b) that this statement was provided in advance of the Annual Internal Audit report and that work was still ongoing to complete the 2010/11 Audit Plan with the Annual Report being submitted to a future meeting of this Panel and highlighting, however, that 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.

A question was raised by a Member of the Panel in relation to the definition of the phrase 'are in place' and the Audit Services Programme Review Manager responded accordingly.

Decided: to approve the statement on Internal Controls for the financial year 2010/11.

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

There was submitted a report (issued) of May 2011 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) informing that, as at 13th May 2011, CPMS was showing four action plan points, due to be implemented by 1st February 2011, still outstanding and reporting that extension requests had been received and agreed by Internal Audit for all of these actions; and
- (3) intimating that since the previous meeting of this Panel, thirteen reports had been issued and that a summary of these reports, excluding those for Community Councils, had been included as Appendices to the report.

Various questions were raised by Members of the Panel in relation to:- meeting the needs of homelessness and whether this risk should be rated higher; the impact of low interest rates; and the extent to which the Council benefited from its income collection and the Executive Director – Corporate Services responded accordingly. A discussion took place in relation to the various concerns relating to homelessness and the Chair suggested that an Officer from the Children and Community Directorate be present at the next meeting to provide an update on this particular summary matter.

Decided:

- (a) to note the progress of Directorates in the implementation of agreed action plan findings;
- (b) to request that an Officer from the Children and Community Directorate be invited to the next meeting to provide an update in relation to the summary page on Meeting the Needs of Homelessness; and
- (c) otherwise, to request the Audit Services/Programme Review Manager to submit agreed reports to future meetings of this Panel.

6. Internal Audit Service - Annual Audit Plan 2010/11 – Progress Report.

There was submitted a report (issued) of May 2011 by the Audit Services / Programme Review Manager advising

- (1) of the progress and current position of the Annual Audit Plan from 1st June 2010 to 6th May 2011 and outlining the productivity of the section;
- (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;
- (3) that, during the year, internal audit staff had been heavily involved in investigation work with this ongoing commitment requiring staff to be diverted from working directly on areas in the Audit Plan resulting in a shortfall in time available to complete the overall plan; and
- (4) that, as noted at the meeting of 24th March 2011, the Annual Plan had been amended to ensure that sufficient work was carried out on the main core systems section of the Audit Plan to ensure that an annual assurance statement could be provided to Members.

Various questions were raised by a Member of the Panel in relation to:- the investigation work; the number of days and staff members involved in the diversion from the audit plan; and the subsequent impact on the overall programme and the Senior Audit Manager and the Audit Services/Programme Review Manager commented accordingly.

Decided:

- (a) to note the progress of the Annual Audit Plan for 2010/11; and
- (b) to request that the Audit Services/Programme Review Manager submit similar reports to future meetings of this Panel.

7. Review of Purchasing and Procurement.

There was submitted a report (issued) of 17th May 2011 by the Head of Corporate Resources

- (1) advising of the findings from a review of the purchasing and procurement activities of the Council and informing that the purpose of the review was to evaluate whether purchasing and procurement arrangements within the Council were adequate;
- (2) reporting that the Action Plan contained within the Audit Scotland report, attached as Appendix 1 of the report, detailed the risks identified by the review, together with the Council's response and target dates by which the required actions would be progressed; and
- (3) highlighting that these actions would form part of a more detailed procurement Action Plan which was being presented to Members for consideration as the next item on this Agenda.

The Senior Audit Manager commented on the review, which would be undertaken by Audit Scotland in all thirty-two local authorities across Scotland and stated that he was very impressed with the various debates taking place between Elected Members and Officers in relation to procurement.

Various questions were raised by Members of the Panel in relation to:- the term 'significant improvements' within certain areas and associated percentages; arrangements for collaborative contracts; and benchmarking and the scoring system approach for collaborative procurement and Officers responded accordingly.

Councillor Moonie commented that this Panel's Procurement Working Group would be able to explore the various issues being raised as part of its ongoing exercise relating to procurement.

Decided: having thanked the Head of Corporate Resources and his staff for the work undertaken

- (a) to note the key issues raised by Auditors;
- (b) to approve the Action Plan as outlined at Appendix 1 of the report; and
- (c) to agree that progress in implementing the Action Plan would be reported to future meetings of this Panel.

WIDER SCRUTINY PANEL BUSINESS:-

8. Procurement Improvement Programme.

There was submitted a report (issued) of 17th May 2011 by the Head of Corporate Resources

- (1) seeking endorsement for further development and implementation of the Council's procurement investment programme, using the Procurement Capability Assessment (PCA) which had been undertaken by Scotland Excel in November 2010 and communicated to the Council during February 2011, as well as the recent Audit Scotland review (April 2011), as a basis for improving procurement approach, process and outcomes across the Council on an ongoing basis; and
- (2) outlining that the PCA had been introduced by the Scottish Government in 2009 to measure and assess the progress being made against the Procurement Reform Agenda and to identify where best practice already existed and continuous improvements and efficiencies could be implemented.

The Head of Corporate Resources commented that the Council would work with Scotland Excel in the development and delivery of the programme, with the Council having been selected as one of six local authorities to undertake work in this regard, with a commitment of between fifteen to twenty days consultancy from Scotland Excel around this.

Various questions were raised by Members of the Panel in relation to:- how much work would be required to enter into the improved performance bracket; and was there a cost associated with the Scotland Excel days and the Head of Corporate Resources responded accordingly and advised that no cost would be incurred as this Council was part of a pilot exercise.

Decided: to endorse the Procurement Improvement Programme.

9. Progress Against the Council Corporate Plan to 31st March 2011.

There was submitted a report (issued) of 17th May 2011 by the Head of Policy, Performance and Communication outlining the progress which had been achieved to date against the Council Corporate Plan in relation to the Directorate objectives and tasks which had fallen within this Panel's remit.

The Head of Policy, Performance and Communication referred to the recent workshops attended by Members and invited comment on the content of the Plan.

A Member raised a general comment in relation to those tasks with a green status and that obstacles around some of these tasks might be missed due to the concentration on amber/red tasks and the Head of Policy, Performance and Communication reported that a weighting system, in tandem with the traffic light system should address such matters.

The Chair indicated that although there would be an opportunity for Members to raise any other issues relating to the Corporate Plan, he firstly suggested that Members worked through the list of comments which had been made at the workshop and which mainly focussed on those tasks assessed as being amber and on other points as outlined below:-

- a discussion around the 25% status and the liability issues of defining safe routes to school;
- an explanation of the amber status to ensure the school estate was DDA compliant;
- an explanation of the amber status relating to time record and report on service provision (on an annual basis);
- to note the amber status relating to further upgrade and improve the Council's server infrastructure;
- what had been achieved relating to providing business opportunities to small, medium and large enterprises (clarification had been given that this task was specific to procurement) and that the broader picture of the Council's encouragement to and support for businesses would be a matter for the Development and Environment Standing Scrutiny Panel;
- an explanation of the amber status relating to developing contracts specific to the delivery of Council services other than those delivered as part of the McClelland Report;
- an explanation of the amber status relating to monitoring contract compliance to ensure viability of corporate contracts;
- an explanation of the amber status relating to the periodic review of all administrative services to ensure continued efficiency;
- an explanation of the amber status relating to reviewing and updating of schools' Scheme of Delegation; and
- an explanation of the amber status and 0% progress relating to the development of Oracle Payroll and concerns over the value obtained by the Council from its investment in Oracle.

Each of the relevant Officers provided an explanation on the above tasks, with further questions being raised by Members of the Panel in relation to:-

- the next steps in respect of the investment strategy for the modernisation of the school estate; and
- the appropriateness of the provision of training to Members and Officers in respect of governance and scrutiny issues 'as need arises'.

Responses were made to these points by the relevant Officers and the Head of Policy, Performance and Communication clarified that follow-up explanations would be made in respect of safe routes to schools; the lease at McCalls Avenue; and on the progress and successes with Oracle to date and that she would co-ordinate such a response.

Decided: to note

- (1) the progress achieved to date against the Council Corporate Plan as detailed through the updates provided against its Directorate Plans to 31st March 2011;
- (2) that the Head of Policy, Performance and Communication would co-ordinate a follow-up to issues raised in relation to safe routes to schools, the lease at McCalls Avenue, Ayr and a briefing in respect of Oracle; and
- (3) that the overall performance report would be submitted to the Leadership Panel at its meeting on 14th June 2011.

10. **Panel Work Programme.**

Decided: to note that there were no updates reported to this meeting.

The meeting ended at 12.20 p.m.