

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 13th September 2012 at 9.30 a.m.

- Present: Councillors Brian Connolly (Chair), Andy Campbell, Douglas Campbell, Alec. Clark, Hywel Davies, Ann Galbraith, John Hampton and Brian McGinley.
- Attending: E. Howat, Executive Director – Corporate Services; V. Andrews, Head of Legal and Administration; C. Monaghan, Head of Policy, Performance and Communication; M. Newall, Head of Planning and Enterprise; T. Baulk, Chief Accounting Officer; K. Braidwood, Roads Manager; C. Boyd, Corporate Safety Manager; D. McNeill, Treasury Manager; A. McLeod, Performance and Business Manager; H. McLaughlin, Programme Review Manager; C. Gardner, Senior Strategic Planning and Performance Management Officer; M. Leonard, Auditor; and E. Wyllie, Committee Services Officer.
- Also Attending: Councillors Bill Grant, Bill McIntosh, Rita Miller, Robin Reid, Philip Saxton and Margaret Toner (Portfolio-holders); and David Richardson, Audit Manager; Sarah Lawton, Senior Auditor; Neil Robb, Senior Auditor (ICT) and Alan MacKenzie, Auditor; Audit Scotland.

The Chair welcomed everyone to the meeting including Portfolio-holders for their attendance for the first item on the Agenda relating to the presentation from Audit Scotland.

1. Audit Scotland Presentation.

David Richardson, Audit Manager introduced his colleagues and outlined the Audit Scotland Structure, the Audit Services operational framework and the work of the local Audit team as well as commenting on the relationship with other organisations and also highlighting the roles of the Accounts Commission and the Auditor General.

Sarah Lawton, Senior Auditor gave a brief overview on the background to the Assurance and Implementation Plan (AIP) and the risk assessment and scrutiny processes to ascertain the robustness of AIPs as well as commenting on this Council's position for 2012-15.

Alan MacKenzie, Auditor provided an insight into governance arrangements and the key controls and systems implemented by management and the role of Audit in reviewing the implementation of such controls with possible recommendations being made and commented on this Council's current position.

Various questions were raised by Members of the Panel in relation to:- where responsibility lay for the Council's performance; the effectiveness or otherwise of governance and accountability and scrutiny resulting from the new political arrangements; and what should the Council be conscious of over the next few years. The Audit Manager responded accordingly.

Decided: having heard the Chair thank the Audit Team for their interesting and informative presentation and thank the Portfolio-holders for their attendance, to note the Audit Scotland presentation.

2. Item for Call-in.

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

3. Minutes of previous meeting.

Decided: to note the Minutes of the previous meeting of 14th June 2012 (issued).

4. Matters Arising.

(1) Audit Service – Statement on Internal Controls.

Decided: having heard a Member ask for an update on the current position with the police investigations, to note that these were still ongoing and that Members would be advised of the outcomes in due course.

(2) Consideration of Programme of Scrutiny Reviews.

Decided: having heard a Member ask for an update on the position of scrutiny review considerations, to note that initial discussions were still taking place and scrutiny reviews would be considered at a meeting in due course.

AUDIT FUNCTION:-

5. Annual Overview of Corporate Governance Arrangements 2011/12.

There was submitted a report (issued) of 4th September 2012 by the Executive Director – Corporate Services

- (1) advising of the findings from the Annual Review of key financial systems within the Council with the main objectives of the Auditors having been:-
 - to identify any changes which had occurred since the previous year;
 - to assess the impact on the system's risk profile consequent to any changes; and
 - to adjust their audit approach accordingly;
- (2) indicating that the Auditors had found that the internal control system was generally operating effectively, however, a number of weaknesses had been identified which could compromise the level of assurance that could be taken from the systems; and
- (3) reporting that the Action Plan, attached as Appendix 1 of the report, detailed the issues and risks, together with the Council's response and target dates by which issues would be addressed.

The Audit Manager commented on the report and the types of controls in place and various questions were raised by Members of the Panel in relation to the Action Plan and particularly on:- the integration of payroll and HR systems via Oracle; the use of corporate credit cards and the processes in place; exceptions reporting and the timeframes for late payment charges; single person discounts and the production of documentary evidence and whether the electoral register could be utilised for this purpose; bank reconciliations and whether spot checks were undertaken and the Freedom of Information (Scotland) Act and various officers responded accordingly.

The Executive Director – Corporate Services intimated that she would provide information in relation to the use of credit cards and the processes undertaken and confirm whether the electoral register could be utilised for the purposes of single person discounts as well as informing that a Freedom of Information (Fol) assessment had recently been undertaken with an action plan being developed in conjunction with the Information Commissioner and that the action plan, together with future reports on Fol statistics for responses, could be submitted to a future meeting of this Panel for noting.

Decided:

- (a) to note the key issues raised by the Auditors; and
- (b) to agree the Action Plan as detailed in 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 as part of the review of External Audit reports.

6. 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.

7. Maintaining Scotland's Roads – Audit Scotland Follow-up Report.

There was submitted a report (issued) of 6th September 2012 by the Executive Director – Development and Environment advising of the progress being made against the Audit Scotland recommendations as noted in the report to the Leadership Panel on 15th March 2011 and as detailed within the Audit Scotland follow-up report, attached as Appendix 1 of the report, which reiterated the strategic importance of roads to the Scottish economy and to the public.

Various questions were raised by Members of the Panel in relation to:- road diversions and traffic re-routing resulting in damage to roads which could also be caused by the volume of freight and heavy agriculture machinery and whether there was any recourse in such circumstances; heavy rainfall resulting in blocked road drains and flooding and the maintenance programmes in place to alleviate such issues; gully cleaning; the importance of a network of roads within communities and the longer term plans rather than just managing deterioration and the Head of Planning and Enterprise responded accordingly and commented on the measures in place and also introduced the recently appointed Roads Manager who would explore the various issues raised.

Decided: having considered the progress made against the Audit Scotland recommendations, to note the current position.

8. ICT Review.

There was submitted a report (issued) of 5th September 2012 by the Head of Policy, Performance and Communication

- (1) advising of the findings of an ICT Review undertaken by Audit Scotland using an established computer services review methodology which had been developed by Audit Scotland; and

- (2) reporting that the Action Plan, attached as Appendix 1 of the report, detailed the issues and risks, together with the Council's response and target dates by which issues would be addressed and confirming that Officers intended to fully implement the Action Plan.

The Senior Auditor (ICT) outlined the key findings of the ICT review and areas to be addressed and the Head of Policy, Performance and Communication provided an update on the current position with some of the action points.

Decided:

- (a) to note the key issues which had been raised by the Auditors;
- (b) to agree the Action Plan as detailed in 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 as part of the review of External Audit reports.

WIDER SCRUTINY PANEL BUSINESS:-

9. Strategic Risk Management.

There was submitted a report (issued) of 4th September 2012 by the Executive Director – Corporate Services

- (1) providing an update on the reviewed Strategic Risk Register – June 2012 in line with the agreed reporting framework; and
- (2) advising that, following updates from risk owners, there had been a number of areas where risk mitigations had progressed, the detail of which was contained within the Covalent report, attached as Appendix 1 of the report.

Various questions were raised by Members of the Panel in relation to:- financial constraints and whether the Council had, in a Best Value context, regularly considered provision of services by external organisations rather than in-house provision; the methodology used for the risk matrix; organisation and culture (SR009) and how would Members be kept informed of any issues arising from the employee opinion survey; performance management (SR012) and whether appropriate procedures were in place; child protection activity (SR005); and quality assurance aspects and whether service users were being asked if they were satisfied with service provision and Officers responded accordingly to the various issues raised. The Executive Director – Corporate Services indicated that the outcome of the employee opinion survey would be circulated and that she would ascertain its availability.

General concerns were raised by Members with regard to risks and subsequent impact and the Head of Policy, Performance and Communication and the Programme Review Manager stressed that the purpose of the document was to identify potential risks and how these were being or could be managed.

Decided: having heard the Chair request that a workshop be organised for Members on risk management, to agree

- (a) the seventeen key risks and endorse the work currently being undertaken or proposed by risk owners to mitigate these risks; and
- (b) that a report on the management of Strategic Risk be submitted to the Leadership Panel on 2nd October 2012 for endorsement.

10. Treasury Management Annual Report 2011/12.

There was submitted a report (issued) of 4th September 2012 by the Executive Director – Corporate Services providing the annual report of treasury management activities for 2011/12, in line with the requirements of the Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management, attached as Appendix 1 of the report and seeking approval of its contents.

Various questions were raised by Members of the Panel in relation to:- whether it would be useful if the table outlining capital expenditure also included details of intended expenditure; Icelandic banking; PPP projects; and whether figures could also be used alongside percentages for ease of reference and the Executive Director – Corporate Services indicated that the format of the document could be slightly revised to take into account the various comments made prior to the document being submitted to the next Council meeting.

Decided: having considered the Annual Treasury Management Report for 2011/12 attached as an appendix to the report, to approve its contents and refer the report to the Council meeting on 27th September 2012 for its consideration.

The meeting ended at 11.30 a.m.