

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 26th November 2014 at 10.00 a.m.

Present: Councillors Brian Connolly (Chair), Alec. Clark, Ian Cochrane, Ann Galbraith, John Hampton and Brian McGinley.

Apologies: Councillors Andy Campbell and Douglas Campbell.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; D. Hutchison, Director of Educational Services; R. Riddiough, Head of Legal and Democratic Services; K. O'Hagan, Head of Employee and Customer Services; T. Baulk, Head of Finance and ICT; C. Monaghan, Head of Communities; H. McLaughlin, Audit Services Programme Review Manager; B. Phillips, Revenues and Benefits Manager; T. Burns, Asset Manager; M. Alexander, Housing Operations Manager; E. Roy, Community Care Manager; C. Gardner, Senior Strategic Planning and Performance Management Officer; and E. Wyllie, Committee Services Officer.

Also Attending: Alan McKenzie, Auditor, Audit Scotland.

1. Declarations of Interest.

There were no declarations of interest by Members of the Panel in terms of Council Standing Order No. 17 and the Councillors' Code of Conduct.

2. Minutes.

Decided: to approve the Minutes of [11th](#) and [24th September \(Special\)](#) 2014 (issued).

3. Work Programme and Action Plan.

There was submitted an update of the Action Log and Work Programme for this Panel (issued) ([link attached](#)).

In relation to the Action Log entry relating to Procurement in Councils, positive comments were made in relation to the recent Members' briefing by Scotland Excel.

Decided: to note the current status of the Action Log and Work Programme.

AUDIT FUNCTION:-

4. External Audit Reports – Progress to 30th September 2014.

There was submitted a report (issued) ([link attached](#)) of 19th November 2014 by the Head of Communities outlining the progress that the Council had made in relation to external audit improvement actions.

In relation to EA2013/03 and upgrades to Readsoft and Oracle R12, the Head of Finance and ICT provided assurances that progress was now on course for completion by January 2015. It was noted that this position followed some difficulties in obtaining training dates from the external companies involved and that the initial deadline related to Oracle R12 with Readsoft being an offshoot of the original activity resulting in extended dates.

In terms of EA2013/07, concerns were raised in relation to slippage within capital programmes and the current position with the implementation of the staffing structures within Property and Risk, which should address these issues, was noted. It was recognised that, although progress was being made with a variety of projects, a holistic reporting approach providing greater detail that captured the various elements of the capital programme would be preferable. It was noted that such a report would be submitted to a future meeting of this Panel.

Clarification was sought in respect of no progress having been made with the consideration of the ALEOs toolkit (EA2014/02) and it was noted that, for this Council, this related to the Ayr Renaissance LLP. The Executive Director – Resources, Governance and Organisation advised that she would be meeting with the Managing Director of Ayr Renaissance LLP in the near future to discuss this matter. It was recognised that the recently established Partnerships Panel would be receiving updates in relation to the Ayr Renaissance LLP.

The Panel, following scrutiny

Decided: to note the progress being made against the Council's external audit improvement actions as presented within the report.

5. Audit Scotland – The Impact of Welfare Reforms on Council Rent Arrears in Scotland.

There was submitted a report (issued) ([link attached](#)) of 19th November 2014 by the Executive Director – Resources, Governance and Organisation advising of the findings and recommendations of a report by Audit Scotland regarding 'The Impact of Welfare Reforms on Council Rent Arrears in Scotland'.

Clarification was sought in relation to the mutual exchange policy and the Housing Operations Manager outlined the process involved for families wanting to undertake a mutual exchange. If an application was refused, staff would offer advice and information on potential suitable matches taking cognisance of the composition of the household and other applicants on the housing list with the aim being to find a solution that suited applicants. A question was raised in respect of the situation should an applicant be in arrears, the Housing Operations Manager referred to the Housing (Scotland) Act 2001 and indicated that the service always tried to encourage tenants to re-pay debt in full before transferring. Clarification was sought as to whether there was a reluctance for tenants accepting bigger properties and the Housing Operations Manager responded that in some difficult to let areas there was a reluctance as the service could not offer a guarantee, beyond 31st March 2015, that it would be able to provide help from Discretionary Housing Payments towards the under-occupancy. In relation to the identification of a Credit Union partner, it was noted that the Council had selected a Credit Union to work in partnership with, staff training awareness of the Credit Union had been undertaken and that access to the Credit Union would commence early 2015. Concerns were raised in relation to the reduction in benefits imposed by Central Government and how this would impact on local tenants as well as on the Council's budget. The impact of Universal Credit and the responsibility for each claimant to handle their own budget was discussed and it was noted that there were three phases to the DWP Universal Credit roll-out and that the Council was preparing for this roll-out although it was also recognised that the awaited Smith Commission Report might have an impact.

The Panel

Decided:

- (1) to note the key issues raised in the Audit Scotland report 'The Impact of Welfare Reforms on Council Rent Arrears in Scotland'; and
- (2) to agree that actions would be taken forward through the relevant Service and Improvement Plans with progress being reported via the monthly bulletins to Elected Members.

6. Audit Scotland National Report: Self-directed Support (SDS).

There was submitted a report (issued) ([link attached](#)) of 7th October 2014 by the Head of Community Health and Care Services seeking agreement to the draft action plan in response to Audit Scotland's national review of Self-directed Support (SDS).

Clarification was sought in relation to whether SDS was voluntary for people needing support and it was noted that the Council had a duty to supply four options to people in need of support, however, one of the options on offer was that the current service remained the same, if preferred. A discussion took place in relation to whether there were any associated risks with people managing their own budgets. It was noted that robust procedures were in place to monitor budget management. It was also recognised that people in need of support could employ their own personal assistant and were also entitled to change their mind after accepting their budget, if they so wished.

Comments were made in relation to the impact of the forthcoming Health and Social Care integration and the Community Care Manager advised that there was a working group in place which was looking at the strategic impact of integration. In relation to whether the SDS approach was a burden on social work staff, the Community Care Manager commented that the ethos of SDS was to empower people to take responsibility for their own needs and that social work staff were available to support them in this process. Clarification was sought in relation to existing contracts with care providers and it was noted that this was an area being monitored. The Executive Director – Resources, Governance and Organisation suggested that a Members' briefing to consider the impact of SDS in terms of procurement and commissioning of care providers could be arranged. It was noted that such a briefing could also encompass the broader work being undertaken for integration.

The Panel

Decided:

- (1) to agree the Action Plan attached as Appendix 1 of this report; and
- (2) to note that progress in implementing the Action Plan would be reported to this Panel as part of the review of External Audit Reports.

7. Audit Scotland – School Education.

There was submitted a joint report (issued) ([link attached](#)) of 19th November 2014 by the Executive Director – Resources, Governance and Organisation and Director of Educational Services advising of the findings and recommendations of a report by Audit Scotland regarding School Education.

Comments were made in relation to the difficulties of supply teacher cover and whether this was damaging for education provision and the Director of Educational Services advised that this was a national problem as a result of the Scottish Government maintaining teacher numbers at their 2011 levels leading to a reduced supply list. Clarification was sought as to whether this caused greater difficulty within rural areas and it was noted that town centre schools also faced similar difficulties.

A general point was raised in relation to the relationship between this Panel and the Service and Performance Panel in respect of Audit Scotland reporting and how the broader issues contained within action plans were being addressed. The Executive Director – Resources, Governance and Organisation advised that she was currently considering the way forward so that duplicate reporting was not taking place. It was recognised that clarity as to the role of Members and both Panels would be provided in respect of Audit Scotland reporting around strategic governance and performance issues.

The Panel, having heard the Director of Educational Services enquire if Members would like to accept the offer of a briefing by Audit Scotland

Decided:

- (1) to note the key issues raised in the Audit Scotland report on School Education';
- (2) to agree that any actions required by the Council as a result of the report would be incorporated into the Educational Services Service and Improvement Plan; and
- (3) to request a briefing for all Elected Members by Audit Scotland in relation to the report.

8. Internal Audit – Progress Report.

There was submitted a report (issued) ([link attached](#)) of 17th November 2014 by the Audit Services Programme Review Manager advising of Directorates' progress in regard to the implementation of action plans contained in internal audit reports as outlined in the appendices to the report.

The Audit Services Programme Review Manager referred to paragraph 4.3 of the report and the proposed change to follow-up procedures in respect of second or subsequent extension of time requests. It was proposed that these would only require Panel approval where any outstanding action was shown in Covalent to be less than 75% complete. In terms of this approach, it was noted that it would be closely and routinely monitored to ensure that progress was being made to complete the actions. It was also recognised that the internal audit service would review the narrative and percentages that Officers were inputting into Covalent as well as encourage Officers to be realistic with completion dates.

A discussion took place in relation to the summary page on the Annual Review for Ayrshire LEADER and it was noted that strict guidelines were in force for groups accessing funds, dispersed via the Council. It was also recognised that this Council had been the lead authority for the three Ayrshire Authorities for the last tranche of funding by LEADER.

The Panel

Decided:

- (1) to note the progress of services in the implementation of agreed action plans as outlined in paragraph 4.2 of the report;
- (2) to approve the change to the follow-up procedure as noted at paragraph 4.3 of the report; and
- (3) to request the Audit Services Programme Review Manager to submit agreed reports to future meetings of this Panel.

GOVERNANCE FUNCTION:-

9. Improvement Themes – Quarterly Update to 30th September 2014.

There was submitted a report (issued) ([link attached](#)) of 22nd November 2014 by the Head of Communities outlining the latest quarterly update on the Council's Improvement themes to allow Members to review progress.

A discussion took place in relation to the theme '*Rationalise the property estate*' and various comments were made in respect of the sub-actions. In terms of property requirements and the needs of all services, it was noted that this was on target to meet the new completion date of 31st January 2015. Clarification was sought in relation to the current position with office accommodation rationalisation and an update was provided in respect of the Member / Officer working group and the appointment of a fixed term Project Manager. It was noted that a briefing for Members would be organised early in the New Year. In relation to community asset transfer, the Asset Manager advised that he was currently working with the Community Engagement Manager to develop a policy. A key element of the policy was to consider the sustainability of any proposed transfer, in particular the capacity of the group to run the asset over the longer term.

In respect of the theme '*Develop a capital investment prioritisation plan*', clarification was sought in relation to establishing consultant framework agreements to aid the delivery of the Capital Programme and it was noted that the Property and Risk service was currently going through a re-structure and, although there was a requirement for consultants, there was also a need for a balanced approach of both external and internal expertise.

In terms of '*Continuing to improve procurement*', it was generally recognised that procurement was becoming embedded within the Council and this approach was gladly welcomed. The recently attended Members' session with Scotland Excel was mentioned and the Executive Director – Resources, Governance and Organisation advised that comments made by Members at that event were being worked on.

Improvements to the figures for the theme '*Developing our workforce and maximising attendance*' were recognised and welcomed. The Head of Employee and Customer Services commented that this was due to the work of managers in implementing the policy.

In respect of the theme *'Using performance management and self-evaluation to drive improvement'*, clarification was sought as to whether the gap between the 21% value against the target of 60% for 2014/15 could be narrowed in relation to the proportion of Members agreeing that they received good information about which services were performing well and those where improvement was needed (Delivering Good Governance Survey). The Senior Strategic Planning and Performance Management Officer advised that the workshop session on Delivering Good Governance arranged for 9th December 2014 should assist in this regard. In terms of self-evaluation, it was noted that the level of staff engagement with HGIOC was good with another cross section of the Council's managers undergoing a session on 3rd December 2014.

Clarification was sought in relation to the progress being made with the appointment of a Business Improvement Team (theme – *'All Services are systematically reviewed using a standard methodology every three years'*). It was noted that this matter would be picked up within the Best Value update and also the new Head of Policy and Performance was due to commence soon and would play a part in this process.

Clarification was sought as to whether financial data was available for the theme *'Deliver a programme of reviews that delivers savings and improvements through redesigned and transformed services'*. The Executive Director – Resources, Governance and Organisation advised that some, but not all, of the planned Service Reviews were linked directly to budget savings. Consideration could also be given to an Annual Report which would capture the developments and movements of the themes over the course of the year.

In relation to the service review of the archives, clarification was sought as to whether new premises had been identified and it was noted that an options appraisal exercise had been undertaken in relation to possible alternative archive accommodation.

Information was sought in respect of the service review of campus police officers and it was noted that the Director of Educational Services would be requested to provide an update on this matter.

A discussion took place in relation to the service review of registration and concerns were made in respect of the current level of service being provided within the Carrick area as a result of staff absences. It was noted that the review that had already taken place had been very limited in its scope and had not impacted on staffing arrangements. A proper fundamental review that takes account of service delivery across the urban and rural areas would be undertaken in due course as part of the overall cycle of reviews.

The Panel

Decided: having reviewed the progress achieved to date against the six themes as set out in Appendix 1 of the report, to note the current position with the quarterly update.

Councillor Galbraith left the meeting at this point.

10. Audit Committee Handbook.

Reference was made to the Minutes of 11th August 2014 (Page 9, paragraph 15) and there was submitted a report (issued) ([link attached](#)) of 19th November 2014 by the Executive Director – Resources, Governance and Organisation seeking approval of a revised Audit Committee Handbook attached as Appendix 1 of the report.

The Panel

Decided: having approved the updated Audit Committee Handbook as contained in Appendix 1 of the report, to refer the Handbook to the Leadership Panel for formal approval.

11. Scrutiny Handbook.

Reference was made to the Minutes of 11th September 2014 (Page 9, paragraph 16) and the Minutes of the Leadership Panel of 30th September 2014 (Page 7, paragraph 13) and the Executive Director – Resources, Governance and Organisation

- (1) commented on the section of the Handbook relating to petitions for the Public Processes Panel and that, following implementation, some areas of improvement had been identified;
- (2) provided an update on the current position with the development of the section of the Handbook relating to Scrutiny Reviews and that this work was due to be completed by the next meeting of this Panel on 11th February 2015; and
- (3) advised that the Leadership Panel at its meeting of 30th September 2014 (Page 7, paragraph 13) had approved the handbook in its current form and had given delegated powers to Officers to complete the outstanding areas of work.

The Panel

Decided: to note the current position with the development of the Handbook which would be submitted to the next meeting of this Panel on 11th February 2015.

12. Closing remarks.

The Chair raised concerns regarding the position with janitorial issues that were currently being raised by Trade Unions via Audit Scotland and asked if this would be considered at a future meeting of this Panel once Audit Scotland had reached a conclusion on the matter.

The Panel, having heard the Executive Director – Resources, Governance and Organisation in response

Decided: to note that this matter would be submitted to a future meeting of this Panel in due course.

The meeting ended at 12.03 p.m.