

CORPORATE AND COMMUNITY PLANNING
STANDING SCRUTINY PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr,
on 8th May 2014 at 10.00 a.m.

Present: Councillors Brian Connolly (Chair), Andy Campbell, Douglas Campbell, Alec. Clark, Ann Galbraith, John Hampton and Brian McGinley.

Apology: Councillor Mary Kilpatrick.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; C. Monaghan, Head of Policy, Community Planning and Public Affairs; D. Gillies, Head of Corporate Resources; H. McLaughlin, Audit Services Programme Review Manager; T. Baulk, Chief Accounting Officer; W. Phillips, Revenue and Benefits Manager; C. Gardner, Senior Strategic Planning and Performance Management Officer; and E. Wyllie, Committee Services Officer.

Also Attending: Councillors Bill Grant, John McDowall, Bill McIntosh and Robin Reid (Portfolio-holders); and Dave Richardson, Audit Manager, Audit Scotland.

1. Declaration 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. Item for Call-in

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

3. Minutes of previous meeting.

Decided: to approve the Minutes of the previous meeting of 27th March 2014 (issued) ([link attached](#)).

AUDIT FUNCTION:-

4. Annual Audit Plan 2013/14.

There was submitted a report (issued) ([link attached](#)) of 29th April 2014 by the Chief Accounting Officer providing background to the presentation by Audit Scotland on its Annual Audit Plan.

The Chair welcomed and invited the Audit Manager, Audit Scotland to present his report to the Panel. The Audit Manager outlined the format of the Audit Plan, similar to that of previous years, and referred to the summary of planned audit activity and commented on the risks identified within the summary assurance plan attached as an appendix to the report. In terms of quality control matters, the Audit Manager invited feedback from Members.

A discussion took place in relation to the risk identified within Corporate Governance regarding an internal audit investigation report and that the importance or the nature of that report had not been significantly highlighted on the agenda of the Panel meeting on 14th November 2013. It was noted that a process would be established, as part of the internal audit progress reporting, for any future follow-up of internal audit action plans identified as 'category red' issues to be submitted to this Panel in their entirety rather than as a summary page contained within the overview report as was current practice. In relation to the specific detail of this investigation which had been considered in private at the Panel meeting on 14th November 2013, Members requested an update on the current status of actions. The Executive Director – Resources, Governance and Organisation advised that most of the actions pertaining to this particular matter had been actioned prior to the meeting of 14th November 2013 and the Audit Services Programme Review Manager confirmed that all action plans attached to this issue had since been dealt with. Members requested that an update be submitted to the next meeting of the Panel.

In relation to financial management and sustainability and the status of Period 9 reporting, it was confirmed that Period 9 referred to 31st December 2013 and that a report would be submitted to the meeting of the Council on 3rd July 2014 in respect of the current position.

A general comment was made in relation to identified risks and whether there was a way in which risks specific to this Council could be distinguished from those issues that affected all local authorities. The Audit Manager indicated that he would look at this suggestion to see if risks could be broken down to highlight the national perspective and the local picture for future reporting.

Clarification was sought in relation to the position if a local authority had insufficient funds to conduct its business and the Audit Manager indicated that the nationally published report providing a governance overview looked at finances and identified where there were significant challenges facing local authorities.

In terms of Audit Scotland's targeted best value work and the Council's subsequent response and planned actions to address the findings of the Accounts Commission, it was noted that the Auditors' approach to the monitoring of progress would be reported to the Accounts Commission as part of an internal process. There would be no formal meeting with the Council on this, however, as part of the discussions with the Chief Executive and Executive Director – Resources, Governance and Organisation regarding the final accounts, some informal indication of how this would be progressed would be provided.

Clarification was sought in relation to the impact on the wages budget with regard to pension liability / auto enrolment and it was noted that an update on this matter would be provided via the Members' monthly bulletin.

The Chair, on behalf of the Panel, thanked the Audit Manager for his presentation and the Panel

Decided:

- (1) to note the contents of the report;
- (2) to approve the summary assurance plan as contained in Appendix B of the report;
- (3) to approve the process for dealing with any future 'category red' issues in that full reports be submitted to meetings of this Panel for consideration to highlight their significance;

- (4) to note that the Executive Director – Resources, Governance and Organisation would arrange for an update report on the Internal Audit follow up report referred to above to be submitted to the next meeting of this Panel; and
- (5) to request regular updates on progress on the summary assurance plan to future meetings of this Panel.

5. Internal Audit Service – Internal Audit Plan 2014/15.

There was submitted a report (issued) ([link attached](#)) of May 2014 by the Audit Services/Programme Review Manager seeking approval for the Annual Audit Plan for 2014/15 as contained in Appendix 1 of the report.

In terms of continuous audit, clarification was sought as to whether the system encouraged Heads of Service/ managers' input and the Audit Services/Programme Review Manager advised of the checking of transactions for any anomalies but this did not involve looking at management processes.

In terms of the forthcoming health and social care integration, clarification was sought as to how movement of budgets would be charted and the Audit Services/Programme Review Manager commented on four specific risks contained with the Audit Plan for 2014/15 which related to the Care, Learning and Wellbeing Directorate, however, further detail was still being considered on the health and social care integration.

The Panel

Decided:

- (1) to approve the Annual Audit Plan for 2014/15; and
- (2) 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.

6. Internal Audit – Progress Report.

There was submitted a report (issued) ([link attached](#)) of May 2014 by the Audit Services/Programme Review Manager advising of the current status of the annual internal audit plan for 2013/14 and also the Directorates' progress in regard to the implementation of action plans contained in internal audit reports as outlined in the appendices to the report.

In relation to the summary page on NDR – Recovery and Enforcement, clarification was sought and provided in respect of whether there was a holding account prior to the transferring of funds and it was noted that, generally, the Scottish Government transferred funds to the Council therefore this was not a requirement.

In relation to the summary page on Cash Income and Bank Balances, clarification was sought in respect of the 'red' high risk areas contained within the summary page and it was noted that as the overall summary page was not 'red', there was no requirement for an Officer to be present. In terms of this particular summary, it was noted that the outcome of this matter was not ready for public discussion although the problem had been identified and robustly actioned. A discussion took place in relation to cash handling procedures and the use of the P2P system was explained. Clarification was sought in respect of cash collection and it was noted that a variety of systems were in place due to the different circumstances at the various facilities.

It was confirmed that a number of issues were raised regarding the controls in place for the security of cash at the Citadel Leisure Centre.

In terms of the annual internal audit plan for 2013/14, the deletion of proposed areas of audit coverage, as detailed in the report, was noted. It was also noted that the investigations relating to roads and catering were currently at various stages of discussion.

The Panel

Decided:

- (1) to note the progress of Directorates in the implementation of the agreed action plan as outlined in paragraph 4 of the report;
- (2) to note the progress of the 2013/14 annual internal audit plan as shown in Appendix 2 of the report; and
- (3) to request the Audit Services / Programme Review Manager to submit agreed reports to future meetings of this Standing Scrutiny Panel.

7. Public Sector Internal Audit Standards (the Standards) – Internal Assessment 2013/14.

There was submitted a report (issued) ([link attached](#)) of May 2014 by the Audit Services/Programme Review Manager advising of, in compliance with the Standards, internal audit's self-assessment for 2013/14.

A comment was made in relation to benchmarking the self-assessment and it was noted that CIPFA guidance provided the detail which allowed internal audit to demonstrate how it conformed in its day to day business as auditors against each of the criteria within the standards.

In terms of the self assessment findings, it was noted that the auditors had generally found this exercise worthwhile as a refresher to all staff as they went through the exercise. The terminology of 'not yet' and 'non-conformance' was also explained by the Audit Services/Programme Review Manager and he advised that any challenge would come from external assessment evaluations.

Clarification was sought in relation to the setting and auditing of the criteria relating to the Quality Assurance and Improvement Programme and the Audit Services/Programme Review Manager explained the process and advised of the ongoing work to update the initial self-assessment findings in future years. The Audit Services/Programme Review Manager advised that any decisions being made would be reported to this Panel in due course.

The Panel

Decided: to note the outcome of the self-assessment for 2013/14.

8. Follow-up of External Audit Reports – Progress to 31st March 2014.

There was submitted a report (issued) ([link attached](#)) of 30th April 2014 by the Head of Policy, Community Planning and Public Affairs outlining the progress that the Council had made in relation to external audit improvement actions.

A discussion took place in relation to the use of extensions and whether this indicated that some of these dates were rather unrealistic. A suggestion was made to whether progress updates could be provided instead of focusing on 'due dates'. The Head of Policy, Community Planning and Public Affairs committed to reflect on how this information could be otherwise produced and presented.

Comments were made in relation to the capital programme and the corporate asset management plan. The Head of Corporate Resources provided an update on these two particular areas of action and confirmed that greater clarity was detailed within the Service and Improvement Plans. The linkages between the external audit improvement actions and the Service and Improvement Plans were recognised.

The Panel, following review

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

WIDER SCRUTINY PANEL BUSINESS:-

9. Service and Improvement Plans 2014 - Finance and Corporate Resources.

Reference was made to the Minutes of the Leadership Panel of 29th April 2014 (Page 11, paragraph 16) and there was submitted a report (issued) ([link attached](#)) of 30th April 2014 by the Head of Policy, Community Planning and Public Affairs requesting consideration of both the Finance and Corporate Resources Service and Improvement Plans (SIPs).

The Head of Policy, Community Planning and Public Affairs advised that the Leadership Panel had agreed that the SIPs be considered at the next three meetings of the Standing Scrutiny Panels and that Portfolio-holders would forward any comments on the SIPs to the Chief Executive so that these be considered by the relevant Standing Scrutiny Panel with a report on the outcome of these deliberations being submitted to the Council on 3rd July 2014 for final agreement.

She further commented on general observations that had been made at the Standing Scrutiny Panel that had taken place that morning as follows:-

- more detailed information on budgets would be helpful, to allow greater connection between resources and outcomes;
- benchmarking information against the Scottish average would be helpful, with explanation if adrift, together the Scottish ranking, if possible;
- looking for performance indicators to be more analytical, to support the scrutiny process;
- the use of the self-evaluation process and the role of validation;

- whether targets were challenging enough, should they be more ambitious; and
- on the six month reporting, tracking of progress against the key actions that are due for delivery within the early stages of the plan and exception reporting of the others.

Thereon, Members considered the detail of the Finance and Corporate Resources SIPs.

Following discussion and taking account of issues raised by Members of this Panel as well as the Portfolio-holder(s), the undernoted key points were made:-

Generic Comments:-

- queried the relationship between risk management, budget management and the Plans and whether this information could be consolidated within reporting mechanisms. It was noted that risk registers were being developed for each Plan and that there was an increasing focus on incorporating budget information within the SIPs.
- asked about the reporting methods that would be utilised to provide updates on progress to Members and to allow scrutiny. The Head of Policy, Community Planning and Public Affairs outlined the golden thread emanating from the Council Plan to the detailed SIPs then onto team plans and PDRs. It was noted that Members briefings would be arranged as required in addition to six monthly update reports being presented to provide members with the opportunity to undertake scrutiny; and
- noted that the Executive Director – Resources, Governance and Organisation would be undertaking further work on those actions which are 'ongoing' with either a due date being provided or an explanation as to why a due date could not be given.

Finance Service and Improvement Plan:-

- queried why the target for 2014/15 for the percentage of income due from Council tax for the year that was received during the year was below the benchmark / comparator for 2012/13. It was noted that it was hoped to achieve higher than the 93.5% target and that this was a realistic target in the light of Welfare Reform;
- clarification was sought and provided in relation to the eight large families affected by benefit cap welfare reforms and awarded discretionary housing payments;
- clarification was sought and provided in respect of the ongoing work in promoting the establishment of a Financial Inclusion Strategy. Welfare Reform was noted as being cross-cutting, further work being developed as to how this would be incorporated and linked within the relevant SIPs; and
- clarification was sought in relation to resources and the alignment of budgets to services and how this would be captured within the Plans. The Executive Director – Resources, Governance and Organisation commented on the current status of the Sub-Group's scrutiny review on budget monitoring which was in draft report form but which now required to be reviewed in light of the SIPs prior to being presented to this Panel.

Corporate Resources Service and Improvement Plan:-

- queried the current status in relation to the development of the Council's Community Engagement Strategy, and heard that following consideration by the Leadership Panel at its meeting on 28th May 2014, it would be put out for public consultation;
- questioned the benchmarking data that was drawn from the Scottish Household Survey and the Council's own sampling methods. Recognised the need for the Council to develop a strategic and systematic approach in the way in which it surveyed its public;

- clarification was sought and provided in relation to the Housing and Non-Housing Capital Programmes and how would best value be achieved and reported to Members. It was noted that this would be evidenced via the robust and transparent tendering process. In terms of the Central Repairs Account, it was noted that further work was required to evidence that best value was being delivered through in-house provision. An action will be added into the appropriate SIP to address this;
- queried why the target for the proportion of operational accommodation in a satisfactory condition was well short of the benchmark. It was noted that a robust approach was being undertaken to tackle this issue which resulted from too many buildings and not enough resources directed at bringing buildings up to standard;
- queried the targets in respect of the performance of the Non-Housing Capital Programme and it was reported that a gradual increase approach would be undertaken to achieve the 100% target in 2016/17;
- queried the targets for increasing disabled access and heard that these would be delivered as part of a phased improvement programme, together with a review of the data itself, to ensure its accuracy and consistency in relation to other councils;
- clarification was sought in relation to the absence of targets for the school estate data. An explanation was provided and it was noted that updated base line figures would be circulated to Members. It was also noted that the school estate strategy would be annually updated as part of the wider asset management strategy;
- queried the relationship with other SIPs and whether the deadline of 2015 would be met for the Scottish Housing Quality Standards. Officers committed to investigate this, the matter being one for the Head of Community Care and Housing;
- queried the data in respect of employers' liability claims and the need for further clarity around this data, what it represented and whether there was scope for issues arising from claims to be built into the improvement programme. It was noted that this detail would be looked at and circulated in due course to Members; and
- clarification was sought as to how outcomes relating to Business Continuity testing exercises would be conveyed to Members. It was noted that continuity plans were being updated and that the opportunity to report back on testing would be undertaken through the six monthly reporting regime.

The Panel, having reviewed both the Finance and Corporate Resources Service and Improvement Plans and having identified issues including those of the Portfolio-holder (s),

Decided: to request that the Chief Executive make recommendations to the Council on 3rd July 2014 in line with the discussion of the Panel, to assist in finalisation of the Service and Improvement Plans.

The meeting ended at 12.25 p.m.