

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 22nd April 2015 at 10.00 a.m.

Present: Councillors Brian McGinley (Chair), Brian Connolly, Douglas Campbell, Alec. Clark, Ian Cochrane, Ann Galbraith and Helen Moonie.

Apology: Councillor John Hampton.

Also present: Councillors John McDowall, Bill McIntosh and Margaret Toner, Portfolio Holders.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; L. Bloomer, Executive Director – Economy, Neighbourhood and Environment; M. Baker, Head of Policy and Performance; D. Gillies, Head of Property and Risk; H. McLaughlin, Audit Services/ Programme Review Manager; T. Simpson, Corporate Accounting Manager; B. Phillips, Revenues and Benefits Manager; C. Boyd, Risk and Safety Manager; and J. McClure, Committee Services Officer.

Also Attending: D. Richardson, Senior Audit Manager, 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.

With reference to item 13 on page 7 of the Minutes entitled "Asset Management and Capital Programme Delivery Update", a Panel Member requested clarification on the sentence "in terms of recruiting two agency quantity surveyors, this had not been achievable" and the Executive Director – Resources, Governance and Organisation advised that it had not been possible to recruit temporary Quantity Surveyors through an agency as they were in high demand, however, two Architects had been employed on a temporary basis. All posts had since been filled on a permanent basis.

Decided: to approve the Minutes of [11th February 2015](#) (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](#)).

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

AUDIT FUNCTION:-

4. Internal Audit Service – Internal Audit Plan 2015/16.

There was submitted a report (issued) ([link attached](#)) of 6th April 2015 by the Audit Services/ Programme Review Manager seeking approval of the annual audit plan for 2015/16 (attached as Appendix 1 to the report).

Questions were raised by Panel Members in relation to the audit arrangements for the Health and Social Care Integration Joint Board as this Board was a separate entity with no assets or staff; and whether the Health Board or the Council would be responsible should budgetary overspends occur and the Executive Director – Resources, Governance and Organisation advised that the integration process had been carried out following guidance from the Scottish Government and it was unclear how the audit process would evolve, however, national and local working groups had been established and, as further guidance was received, this Authority would continue to comply with the guidance.

The Chair, on behalf of the Panel, thanked the Audit Services/Programme Review Manager and his staff for the work undertaken in creating this robust Plan and the Panel

Decided:

- (1) to approve the annual audit plan for 2015/16 as contained in Appendix 1 of the report; 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.

5. Annual Audit Plan 2014/15.

There was submitted a report (issued) ([link attached](#)) of 10th April 2015 by the Head of Finance and ICT providing background to the presentation by Audit Scotland on its Annual Audit Plan.

Mr. D. Richardson from Audit Scotland presented the Annual Audit Plan for 2014/15 to the Panel and outlined the key elements contained therein including audit issues and risks.

Clarification was sought by Panel Members on

- (1) whether exit interviews were carried out when staff members left the employment of the Council as skills and expertise were being lost when staff departed; and whether succession planning was adequate and the Executive Director – Resources, Governance and Organisation advised that it was widely recognised that losing staff's skills and expertise was a problem for the Authority and was likely to become more of an issue as the Council downsized staff, however, this formed part of workforce planning and was captured within SIPs, the Council Plan and the Strategic Risk Register to be considered later at this meeting;

- (2) the financial statements audit having revealed several asset valuations which were incorrect and the Senior Audit Manager advised that this was a human error and was a very small percentage of the asset base; and that a further sample had been tested and there had been no further issues; and
- (3) the costs of auditing charitable trusts and where these costs were funded from and the Senior Audit Manager advised that Trusts were statutorily obliged to be audited, that the fee had been kept to a minimum and was funded from the Trust resources, however, when the Trusts were amalgamated, this would eliminate part of the costs.

Members then outlined their concerns that certain Trusts did not have a large amount of resources in their fund and these monies could be eradicated by paying the audit fee; and that it was hoped that the Trusts would be amalgamated in the near future to reduce these costs.

Decided:

- (a) to note the contents of the report;
- (b) to approve the summary assurance plan (significant audit risks summarised in Appendix II of the attached report (Annex 1));
- (c) to request regular updates on progress to this Panel; and
- (d) to request an update via the Action Log to the next meeting of this Panel regarding progress with the amalgamation of the Charitable Trusts.

6. Audit Scotland: Review of Auditors' Housing Benefit Subsidy Claim Reported Errors 2013/14.

There was submitted a report (issued) ([link attached](#)) of 13th April 2015 by the Head of Finance and ICT advising of the review of housing benefit subsidy in 2013/14 conducted by Audit Scotland.

Clarification was sought on the paragraph entitled "Expenditure for Benefit Claimants Housed in Temporary Board and Lodgings, Leased or Licensed Accommodation to Discharge Council's Homeless Duties" and how the benefits system operated and the Revenues and Benefits Manager updated the Panel on the Council's use of b&b and hostel accommodation, subsidies, Universal Credit and the legislative requirements for homeless people.

Questions were raised by Panel Members on

- (1) "Overpayment Creation/Recovery" and how this Council's 3% overpayment compared with other authorities and the Revenues and Benefits Manager advised that he was not aware of other authorities' overpayment or recovery rates; that it was difficult to recover these monies as the people concerned generally had limited financial means and were unable to pay back the monies, however, claimants had a duty to report any change in circumstances and, should an overpayment occur due to the Council not being informed of a claimant's change in circumstances, the Council would endeavour to recover these monies;
- (2) whether the housing in the Temporary Accommodation Plan was only available in Ayr and the Revenues and Benefits Manager advised that this accommodation was spread throughout South Ayrshire; and
- (3) whether the Council was prepared for bed and breakfast accommodation being used in summer months and the rents being higher than the other two Ayrshire authorities as Ayr was a tourist area and the Revenues and Benefits Manager acknowledged that this was a problem and that the Council was spending a considerable amount of money on Discretionary Housing Payments and that this matter was being investigated.

Decided:

- (a) to note the contents of the report, together with the actions of the Council's Benefits service to minimise subsidy losses; and
- (b) to request the Executive Director – Resources, Governance and Organisation to provide a report in respect of the 2014/15 subsidy claim to this Panel following receipt in 2016 of the Audit Scotland report – Housing Benefits Subsidy Claim Reported Errors 2014/15.

7. Audit Scotland: Update on Developing Financial Reporting.

There was submitted a report (issued) ([link attached](#)) of 10th April 2015 by the Head of Finance and ICT advising the Panel of the contents of the Audit Scotland report entitled 'Update on Developing Financial Reporting'.

Decided: to note the information and conclusions contained in the Audit Scotland Report 'Update on Developing Financial Reporting'.

8. Audit Scotland: An Overview of Local Government in Scotland 2015.

There was submitted a report (issued) ([link attached](#)) of 10th April 2015 by the Head of Finance and ICT advising the Panel of the contents of the Audit Scotland report entitled 'An Overview of Local Government in Scotland 2015'.

Decided:

- (1) to note the content of the Audit Scotland Report; and
- (2) to agree to the next steps for Councillors in relation to the Self-Assessment Tool within the report as detailed in paragraph 4.2 of the report.

GOVERNANCE FUNCTION:-**9. Strategic Risk Management.**

There was submitted a report (issued) ([link attached](#)) of 13th April 2015 by the Head of Property and Risk outlining the progress of the reviewed Strategic Risk Register – March 2015 (Appendix 1) in line with the agreed reporting framework.

Questions were raised by Panel Members in relation to

- (1) Workforce and Capacity Planning and whether the intention was to make posts more generic (Risk Reference No. SR008) and the Executive Director – Resources, Governance and Organisation advised that this concerned workforce planning and a flexible approach to job remits to allow for increased mobility and support within and across services was being considered, in particular in relation to Clerical posts where there existed a large number of different job descriptions across the Council and she would discuss this matter further with the Head of Employee and Customer Services;
- (2) Delivering the Improved Ambition Business and Employability Programme (Risk Reference No. SR022) and the suitability and usage of the “incubators”, especially in Girvan and Maybole and the Executive Director – Economy, Neighbourhood and Environment advised that the Council had taken a decision to provide the incubators in various locations, however, these had been used less in Girvan and Maybole than in other areas and that publicity work was ongoing;
- (3) whether this Authority was receiving its fair share of available national funding (Risk Reference No. SR022) and the Executive Director – Economy, Neighbourhood and Environment advised that Scottish Enterprise was involved in a range of issues with this Council developing proposals which could lead to substantial resources from Scottish Government;
- (4) the Level 8 Town Centre Business Development Officer and the Level 10 Enterprise Officer who would focus more on the four towns as a key part of their remit (Risk Reference No. SR022) and the Executive Director – Economy, Neighbourhood and Environment advised that this structure was a decision taken by the Leadership Panel following considerable discussion and would be more cost effective;
- (5) providing members with information on the impact of rural poverty, particularly in Girvan and Maybole and the funding for this (Risk Reference No. SR022) and the Executive Director – Economy, Neighbourhood and Environment advised that LEADER funding had been received which reflected the quality of the Council’s application; and

- (6) Welfare Reform and whether the work carried out to assist existing Council tenants who were affected by the Welfare Reforms was also reflected in the private sector and whether Council customers had too many separate contacts (Risk Reference No. SR018) and the Executive Director – Resources, Governance and Organisation advised that a workshop session was planned on Welfare Reform to be held on 29th April 2015 which would outline to Elected Members all proposals and the links with the private sector providers.

Decided: to agree

- (a) the 15 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 27th May 2015 for endorsement.

The meeting ended at 11.45 a.m.