

AUDIT AND GOVERNANCE PANEL.

Minutes of meeting in County Buildings, Wellington Square, Ayr
on 25th November 2015 at 10.00 a.m.

Present: Siobhan White (Chair), Councillors Brian McGinley, Douglas Campbell, Ian Cochrane, Brian Connolly, Ann Galbraith, John Hampton and Helen Moonie.

Also present: Councillors Bill McIntosh and Philip Saxton, Portfolio Holders.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; T. Baulk, Head of Finance and ICT; M. Baker, Head of Policy and Performance; M. Leonard, Senior Acting Audit Services/Programme Review Manager; D. McNeill, Treasury Manager; B. Phillips, Revenues and Benefits Manager; and L. Sands, Committee Services Officer.

Also Attending: S. Lawton, Senior 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.

The Minutes of 24th September 2015 (issued) ([link attached](#)) were submitted and approved.

3. Work Programme and Action Plan.

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

Questions were raised regarding the progress on Action Point 3 relating to internet coverage of the crematorium and the information provided in the update on Action Point 5 and it was agreed these would be picked up through the Action Log with the appropriate Heads of Service and further updates would be provided at the next meeting of the Audit and Governance Panel.

The Executive Director – Resources, Governance and Organisation provided an update on the Audit Scotland National Audit Reports that had recently started or were due to start. A discussion then followed on the Audit and Governance Panel's role in scrutinising the findings within these reports and links with the Council Plan and the other scrutiny panels.

A member of the Panel requested further information on the Local Scrutiny Plan and the Senior Auditor, Audit Scotland, advised that work had commenced on the plan for

next year and that it would be reported to the Audit and Governance Panel in April 2016.

Decided: to note the current status of the Action Log and Work Programme and request further updates particularly in relation to Action Points 3 and 5 in the Action Log at the next meeting of this Panel.

External Audit Reports.

4. Audit Scotland: Review of Activity to Reduce Fraud and Error in Housing Benefit.

There was submitted a report (issued) ([link attached](#)) of 13th November 2015 by the Head of Finance and ICT advising the Panel of the review by Audit Scotland of the activity undertaken by Scottish local authorities to reduce fraud and error in housing benefit.

A member of the Panel raised concerns relating to potential impact on the Housing Revenue Account (HRA) from the proactive suspension of benefit payment through the ATLAS system in cases where overpayment was likely.

Decided: after consideration of the Audit Scotland review and the activities undertaken by the Council's Benefits service outlined in para 4.2 of the report, to note the contents of the report and request that the next report on this subject to this Panel provide more information in relation to impact on HRA income of activity undertaken to reduce fraud and error.

5. External Audit Reports – Progress to 30th September 2015.

There was submitted a report (issued) ([link attached](#)) of 13th November 2015 by the Head of Policy and Performance providing Members with an update on the progress that the Council was making in relation to external audit improvement actions.

The Head of Policy and Performance provided the Panel with an update on the progress of the outstanding improvement actions of the External Audit reports. A question was raised regarding timescales for the Public Performance Reporting as further samples were required from the public and the Head of Policy and Performance advised that a small reference group would be used along with the process from two years previously.

A member of the Panel raised concerns regarding the effectiveness of the public consultation processes. It was advised that The Head of Communities reported regularly on Community Engagement activity to the Public Processes Panel and that a Communications Strategy had recently been approved.

Decided: having scrutinised the progress against the Council's external audit improvement actions as presented in the report, to note the contents of the report.

6. Oracle Accounts Payable/Readsoft Scanning Solution.

There was submitted a report (issued) ([link attached](#)) of 13th November 2015 by the Head of Finance and ICT updating Members on progress in relation to Oracle Accounts Payables and the Readsoft invoice scanning solution as requested at the Audit and Governance Panel of 9th June 2015.

The Panel welcomed the good work and progress made since the introduction of the new software and the Treasury Manager was asked to pass on the Panel's congratulations to all involved in carrying out these improvements.

Decided: having scrutinised the contents of the report and the progress made in improving invoice payment performance through the development of the Council's Purchase to Pay (P2P) process, to note the contents of the report.

Internal Audit Reports.

7. Internal Audit Progress Report, (i) Follow Up of internal audit action plans and (ii) Progress of annual internal audit plan.

There was submitted a report (issued) ([link attached](#)) of 7th November 2015 by the Acting Audit Services/Programme Review Manager advising Members of Directorates' progress in regard to the implementation of action plans and with progress on the internal audit annual plan for 2015/16.

The Acting Audit Services/Programme Review Manager advised the Panel that the vacant Audit position had now been filled. A question was raised regarding the current position of staffing within Internal Audit and the Executive Director– Resources, Governance and Organisation advised that the post of Audit Services/Programme Review Manager was currently being filled temporarily and she was confident the service being provided was satisfactory and External Audit were content with the current arrangements. It was noted that the service was actively under review by the Chief Executive who had spoken to the Chair of the Panel about this.

It was clarified that Internal Audit were working in an advisory capacity with Payroll while the new system was being implemented and that Internal Audit had been invited to inspect the control systems once the system was up and running.

Decided:

- (1) to note the progress of services in the implementation of agreed action plans as per 4.2 of the report;
- (2) to note the progress of the internal audit plan for 2015/16 as per 4.4, 4.6 and 4.7 of the report; and
- (3) to request the Acting Audit Services/Programme Review Manager to bring agreed reports to future meetings of this Panel.

Other Reports.

8. Delivering Good Governance – 6-monthly Update to 30th September 2015.

There was submitted a report (issued) ([link attached](#)) of 13th November 2015 by the Head of Legal and Democratic Services inviting Members to review the six-monthly update to 30th September 2015 against the Council's Delivering Good Governance Framework.

The Executive Director – Resources, Governance and Organisation advised the Panel that the format of the report would be reviewed before the next report to the Panel as the current format lacked context and was not providing the best update to Members. A workshop session was proposed for members early in 2016 to consider this further.

A question was asked about whether the carrying out of Service Reviews was having any impact yet on levels of complaints and the Executive Director advised there was no data on this yet but it was something that could be monitored for the future. It was noted that although Actions CM9.1 and CM9.2 relating to Community Planning and Community Forum were behind schedule work was progressing, just slower than expected.

A question was asked in relation to the potential change to the format of the Council's Risk Register matrix and it was confirmed that the Council's Risk Register matrix was being amended to use the same '5x5' matrix as the NHS.

Decided:

- (1) after reviewing the report, to agree the six-monthly update as set out in Appendix 1 of the report; and
- (2) to agree that the format of the report be amended for the next report to this Panel.

9. Treasury Management Mid-Year Report 2015/16.

There was submitted a report (issued) ([link attached](#)) of 12th November 2015 by the Head of Finance and ICT providing Members with a mid-year treasury management update for the financial year 2015/16.

Clarification was sought and provided on why there was a decrease in the amount being borrowed and an increase in the draw on surplus from the original estimate to that of period 6 for the Housing Capital account. A discussion followed regarding the impact of reserves and borrowing on the Housing business plan, and it was noted that a Report on the Housing Business Plan was coming to Council in December. Members requested that consideration be given to adding narrative to the Report before submission to Council for approval to further explain what potential issues may be for the capital programme from the Treasury Management Strategy.

Decided: having scrutinised the contents of the report, to remit the report to the Council meeting of 17th December 2015 for approval.

The meeting ended at 12.20 p.m.