

## **AUDIT AND GOVERNANCE PANEL.**

Minutes of meeting in County Buildings, Wellington Square, Ayr  
on 18th April 2017 at 10.00 a.m.

Present: Councillors Brian McGinley (Chair), Ian Cochrane, Brian Connolly, John Hampton and Helen Moonie.

Apologies: Councillors Douglas Campbell and Ann Galbraith and Siobhan White.

Attending: V. Andrews, Executive Director – Resources, Governance and Organisation; T. Baulk, Head of Finance and ICT; M. Baker, Head of Policy and Performance; D. Gillies, Head of Property and Risk; W. Phillips, Revenues and Benefits Manager; C. Boyd, Risk and Safety Manager; M. Leonard, Acting Audit Services/Programme Review Manager; A. Gibson, Committee Services Officer; and P. Kenny, External Auditor.

### **1. Declarations of Interest.**

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

### **2. Minutes.**

The Minutes of 8th February 2017 ([issued](#)) were submitted and approved.

### **3. Action Log and Work Programme.**

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

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

## **External Audit Reports.**

### **4. Audit Scotland: A Review of Housing Benefit Fraud Investigation Liaison Arrangements in Scotland.**

There was submitted a report ([issued](#)) of 6th April 2017 by the Head of Finance and ICT advising of the outcome of a recent Audit Scotland review of Housing Benefit Fraud Investigation arrangements which transferred from Local Authorities to the Department for Work and Pensions (DWP) Fraud and Error Service (FES) on a phased basis from July 2014.

Following a question from a Member of the Panel, it was noted that benefit fraud was based on the level of overpayment and that there had been a successful use of data matching and liaison with HMRC and the DWP to help manage this area. It was noted that the use of zero hour contracts caused incomes to fluctuate for certain claimants and consequently this had caused difficulties in benefits being calculated.

It was agreed that it would be useful if the Revenues and Benefits Manager could provide Members with details of benefit sanctions applied incorrectly and subsequently overturned. It was agreed that, after the Council elections in May 2017, the Welfare Reform Group should consider what type of information to provide to Members in the future and how best to provide this information to Members.

The Panel noted that, to date, there had been no prosecutions for benefit fraud within South Ayrshire.

**Decided:** having considered the findings outlined in the Audit Scotland report 'A Review of Housing Benefit Fraud Investigation Liaison Arrangements in Scotland' (attached as Appendix 1 to the report),

- (1) to note that, in response to the Audit Scotland findings, the Department for Work and Pensions Performance Development Team was commissioned to undertake a review of the process and had worked closely with FES and Local Authorities with the aim of improving the end to end Housing Benefit fraud referral process; and
- (2) to note that Members would be updated on the progress of the new arrangements through a Members' Bulletin as at end June 2017.

## **Internal Audit Reports.**

### **5. Internal Audit – Progress Report (i) Follow Up of Internal Audit Action Plans; (ii) Progress of Annual Internal Audit Plans.**

There was submitted a report ([issued](#)) of 30th March 2017 by the Acting Audit Services/Programme Review Manager advising of Directorates' progress in regard to the implementation of action plans; and with progress on the Internal Audit Annual Plan 2016/17.

The Panel

**Decided:** having considered the contents of the report, to request the Acting Audit Services/Programme Review Manager to submit Internal Audit progress reports to future meetings of this Panel.

### **6. Internal Audit Service – Statement on Internal Controls.**

There was submitted a report ([issued](#)) of 29th March 2017 by the Acting Services/Programme Review Manager outlining the annual statement on the adequacy and effectiveness of the internal control system of the Council for the year ended 31st March 2017.

The Panel

**Decided:** to agree the statement on Internal Controls for financial year 2016/17.

### **7. Corporate Fraud Team – Activity Report.**

There was submitted a report ([issued](#)) of 30th March 2017 by the Acting Audit Services/Programme Review Manager outlining the Corporate Fraud Team's activity and performance from October 2016 to March 2017.

Having being advised that there were forty-three live Council Tax fraud investigations, it was noted that they would be kept live meantime and that the cases would be prioritised.

The Panel

**Decided:** having scrutinised the contents of the report, to request the Acting Audit Services/Programme Review Manager to submit six monthly activity reports to this Panel.

## **Other Governance Reports**

### **8. Delivering Good Governance.**

There was submitted a report ([issued](#)) of 6th April 2017 by the Head of Policy and Performance outlining the 2016/17 year end assessment against the Council's Delivering Good Governance Framework.

Having heard the Chair with regard to

- (1) the Council's Best Value Working Group, it was reported that the role of the Group would continue following the Council elections in May 2017 with its membership and remit then being reassessed; and
- (2) the 'Behaviour' aspect of the year end assessment for 2016/17, the Head of Policy and Performance reported that further work was required following on from introduction of The South Ayrshire Way and would be undertaken with the new Administration following the Council elections in May 2017.

The Panel agreed that the new CIPFA Delivering Good Governance framework be issued to Members for their information.

**Decided:** having reviewed the 2016/17 year end assessment as set out in Appendix 1 to the report

- (a) to approve the 2016/17 year end assessment; and
- (b) to recommend that the new Council consider the new CIPFA Governance Framework to see how it could be tailored to both challenge and support the new Council's governance arrangements.

### **9. Strategic Risk Management.**

There was submitted a report ([issued](#)) of 7th April 2017 by the Head of Property and Risk providing an update on the reviewed Strategic Risk Register – March 2017 (as outlined in Appendix 1 to the report) in line with the agreed reporting framework.

A Member of the Panel advised that, with regard to the Risk SR008 "Workforce and Capacity Planning" she thought this would have been defined as a higher risk and that it required to be better aligned to Financial Risks. Having heard various officers, it was noted that the risk was based on where the Council currently was but that this Risk could be further reviewed at a later date once budget information was available for the next financial year.

A Member of the Panel advised that, with regard to the Risk SR025 "Supplier/Contractor Failure" of his concern with works that had been undertaken on roads and pavements within South Ayrshire. It was noted that the works being referred to were not works undertaken through a Council contract.

A Member of the Panel advised that with regard to the Risk SR010 “Public Relations” members of the general public often did not understand the impact of decisions that were being taken by the Council on their behalf. It was noted that this Risk would be subject to review over the next six months.

The Chair advised that the Register was a valuable piece of work and should be considered in conjunction with the Council’s Strategic Plan.

**Decided:** to agree

- (1) the seventeen key risks and to endorse the work currently being undertaken or proposed by risk owners to mitigate these risks; and
- (2) that a report on the management of Strategic Risk be submitted to the Leadership Panel in June 2017 for endorsement highlighting the scrutiny undertaken at the Audit and Governance Panel, in particular the concerns expressed regarding the impact of financial risks on all other risk areas and the delivery of the Council Plan strategies.

**10. Closing Remarks.**

The Chair thanked the Panel for their contribution over the years.

The meeting ended at 11.00 a.m.