

ANGUS COUNCIL

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held in the Town and County Hall, Forfar, on Tuesday 23 June 2015 at 2.00pm.

Present: Councillors BOB SPINK, BRIAN BOYD, LYNNE DEVINE, BILL DUFF, CRAIG FOTHERINGHAM, JEANETTE GAUL, JIM HOUSTON, IAN MCLAREN, ROB MURRAY, BOB MYLES, and COLIN BROWN.

Councillor SPINK, Convener, in the Chair.

1. APOLOGIES/SUBSTITUTES

Apologies for absence were intimated on behalf of Councillors Bill Bowles, Ronnie Proctor, and Mark Salmond with Councillor Colin Brown substituting for Councillor Proctor.

2. DECLARATIONS OF INTEREST

The Committee agreed to note that no declarations of interest were made.

3. MINUTE OF PREVIOUS MEETING

The minute of meeting of this Committee of 21 April 2015 was approved as a correct record and signed by the Convener.

4. INTERNAL AUDIT ACTIVITY UPDATE

With reference to Article 4 of the minute of meeting of this Committee of 21 April 2015, there was submitted Report No 251/15 by the Service Manager – Governance and Consultancy, providing the Audit Manager's update on the main findings of the Internal Audit Reports issued since the date of the last meeting.

Five Internal Audit Reports had been issued since the last Committee, these being:-

- Performance Management
- Online Services
- Rural Bus Service
- Landfill Tax
- Procurement - Exemptions

The Report provided an update in relation to the 2014/15 Internal Audit Plan, 2015/16 Internal Audit Plan and Follow Up Audits.

The Committee agreed:-

- (i) to note the update on progress with the 2014/15 Internal Audit Plan; and
- (ii) to note the update on progress with the 2015/16 Internal Audit Plan.

5. INTERNAL AUDIT ANNUAL REPORT AND REVIEW OF CORPORATE GOVERNANCE

With reference to Article 5 of the minute of meeting of this Committee of 24 June 2014, there was submitted Report No 252/15 by the Service Manager – Governance and Consultancy, presenting the Audit Manager's Internal Audit Annual Report and independent assurance opinions in relation to both the overall corporate governance arrangements and internal controls for 2014-15.

In relation to the corporate governance, it was the Audit Manager's opinion that although there were a few areas of work to be completed for full compliance with the local code, the overall governance arrangements of the Council were considered sound.

In relation to the overall internal controls which included financial controls with the exception of those areas identified in Section 4.1 of the Report, it was the Audit Manager's opinion that the internal financial control arrangements and the framework within which the Council operated were generally sound.

The Committee agreed to note the contents of the Audit Manager's Annual Report for 2014-15, as appended to the Report.

6. CORPORATE GOVERNANCE – ANNUAL REVIEW AND DRAFT ANNUAL GOVERNANCE STATEMENT FOR YEAR TO 31 MARCH 2015

With reference to Article 6 of the minute of meeting of this Committee of 24 June 2014, there was submitted Report No 253/15 by the Chief Executive, advising of the outcome of the annual review of compliance with the Council's Local Code of Corporate Governance and presenting the draft Annual Governance Statement for consideration.

The Report indicated that the overall conclusion to the review was that during 2014/15, the Council continued to demonstrate that the governance arrangements and framework within which the Council operated were sound and operating effectively.

Having heard from Councillor Devine and also the Chief Executive in relation the number of development areas to be delivered in 2015/16, the Committee agreed:-

- (i) to note the terms of the draft Annual Governance Statement, as appended to Report;
- (ii) to note that the Annual Governance Statement would be signed by the Leader of the Council and the Chief Executive and would be included as part of the Council's Annual Report and Accounts for submission to the Controller of Audit; and
- (iii) that the Chief Executive would prepare a timeline in relation to the development areas to be delivered in 2015/16 for consideration to the next meeting of this Committee.

7. ANGUS COUNCIL LOCAL SCRUTINY PLAN 2015/16

With reference to Article 10 of the minute of meeting of this Committee of 26 August 2014, there was submitted Report No 254/15 by the Service Manager – Governance and Consultancy, providing the Angus Council Local Scrutiny Plan 2015/16.

The Report indicated that a key development to the shared risk assessment process for 2015/16 had been to replace Assurance and Improvement Plans with much shorter Local Scrutiny Plans that were more clearly focused on the specific local scrutiny risks and responses identified by the Local Area Network (LAN).

The plan summarised risk areas that the LAN had identified as requiring scrutiny or where scrutiny was planned as part of a national programme. It did not identify all risks in the Council. Scrutiny activity involving Angus Council was outlined in Section 4 of the Report. In addition, routine, scheduled audit and inspection work would take place through the annual audit process and the ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively.

Attached as Appendix 1 to the Plan was a timetable for the planned audit and inspection activity for 2015/16.

The Committee agreed:-

- (i) to note the contents of the Report, and
- (ii) to note the scrutiny risks and the planned external scrutiny activity, as detailed in the Angus Local Scrutiny Plan 2015/16.

8. COUNTER FRAUD REVIEW TO 31 MARCH 2015

With reference to Article 11 of the minute of meeting of this Committee of 26 August 2014, there was submitted Report No 255/15 by the Service Manager – Governance and Consultancy, providing background to the work of the Counter Fraud Team and summarising the activity undertaken in the year to 31 March 2015.

The Report indicated that the Single Fraud Investigation Service (SFIS) had been established in 2014 and brought together welfare benefit fraud investigations undertaken by the Department for Work and Pensions (DWP), local authorities and HMRC. The responsibility for investigating allegations of Housing Benefit (HB) fraud in Angus transferred to the DWP on 1 May 2015.

The Report also indicated that the year to 31 March 2015 represented a successful transition year for the Counter Fraud Team (CFT). They had effectively implemented the investigation of corporate fraud cases whilst also identifying significant Housing Benefit/Council Tax Benefit overpayments. The Data Matching Initiative had identified £98,833 of incorrectly claimed Council Tax Single Person Discounts and that a further electoral roll data matching exercise would be undertaken during 2015/16. The Counter Fraud Team were also exploring the possibility of data matching in other areas.

The reduction in the number of Benefit Fraud Sanction cases were largely due to the downturn in profitably worked joint investigations with the DWP and CFT resources being deployed in Counter Fraud Activity that remained the responsibility of the Council.

The Committee agreed to note the contents of the Report.

9. OUTCOME OF SCRUTINY REVIEW TOPIC CANVASS

With reference to Article 10 of the minute of meeting of this Committee of 24 June 2014, there was submitted Report No 256/15 by the Service Manager – Governance and Consultancy, informing the Committee of the 2015/16 scrutiny review canvassing exercise and providing options for review areas and scrutiny panel composition.

As part of the canvass exercise to identify topics, a workshop with elected members had been held to which all members had been invited. Nine members had attended but all elected members had been given an opportunity to put forward suggestions. At the topic workshop it was evident that the members in attendance were keen to vary the arrangements and conduct one major panel review in 2015-16 with a number of mini reviews (Scrutiny Rapid Improvement Events).

With the exception of one mini review topic Service Level Agreements (SLAs), no new topic areas had been identified from this year's canvass exercise but that members at the workshop were keen to review customer care as the main review for 2015-16. Attached as Appendix 1 to the Report was the list of the review topics carried forward to 2015-16. It was considered that the Customer Care review area had a direct link to the Council priorities and the work stream of improved customer experience within the Council's Transforming Angus Change Programme.

Members at the workshop were also keen to be seen to be listening to and addressing citizens' concerns that had been raised with them and it was felt that the mini review process would provide a medium for that. Attached as Appendix 2 to the Report was a list of mini review topics. It was intended that these reviews would be worked through on a priority basis by one scrutiny panel, covering as many reviews on the list as possible within the scrutiny year.

Following discussion, the Committee agreed:-

- (i) that for 2015-16 there would be one major panel review and a number of mini reviews;
- (ii) that the major review topic for 2015-16 would be Customer Care;

- (iii) that there would be two scrutiny panels set up, one to take forward the major review and one to work through a suite of mini reviews; and to appoint Councillor Devine as Chair of the Customer Care Review with the Convener to have overall lead of the suite of mini reviews with panel chairs to be appointed from within the respective panels.
- (iv) to remit to the Convener and his Lead Officer to allocate the remaining members of the Panels, after a canvass of preferences; and
- (v) to note that review topics not addressed this year would be carried forward to the next tranche of reviews.

10. SCRUTINY PANEL REVIEWS – REPORTS

With reference to Article 9 of the minute of meeting of this Committee of 24 June 2014, there was submitted Report No 257/15 by the Service Manager – Governance and Consultancy, presenting the draft reports of the Transforming Angus/Management Restructure and Improving Partnership Working scrutiny panels for consideration and agreement and outlining the ongoing monitoring arrangements for the review outcomes.

Having heard from Councillor Fotheringham and the Convener, the Committee agreed:-

- (i) to approve the draft scrutiny panel review reports, as appended to the Report;
- (ii) to submit the reports to the Policy and Resources Committee meeting on 1 September 2015 with a recommendation that the reports and recommendations be agreed and the actions remitted to the relevant Strategic Directors, to implement;
- (iii) to refer the reports to Angus Council for their information and interest, following consideration by the Policy and Resources Committee; and
- (iv) to approve onward monitoring arrangements for the report action plans and outcomes from the perspective of this Committee.

11. SICKNESS ABSENCE JANUARY TO MARCH 2015

With reference to Article 5 of the minute of meeting of this Committee of 10 March 2015, there was submitted Report No 258/15 by the Head of HR, IT and Organisational Development, advising of the level of sickness absence within the Council for the period 1 January to 31 March 2015.

The Report indicated that for all Council employees there had been an 8.02% increase in the percentage of working days lost, when compared with the corresponding quarter in 2013/14. The percentage of working days lost had also increased this quarter compared to the previous quarter by 1.16%, a continuation of the increase from the last quarter which ended a 15 month period of reduced sickness absence levels. The increase was a result of both teachers and local government employees' absence increasing by 16.67% and 6.33% respectively, compared with the corresponding quarter in 2013/14.

The Committee agreed to note the terms of the Report.

12. TRANSFORMING ANGUS: PROGRAMME UPDATE

With reference to Article 5 of the minute of meeting of the Policy and Resources Committee of 9 June 2015, there was submitted Report No 232/15 by the Strategic Director – Resources, providing a progress update in relation to the Council's Transforming Angus Change Programme.

The Report indicated that there had been an update to the Transforming Angus governance structure, as outlined in Appendix 1. An internal audit report had identified a number of areas for improvement to the governance arrangements, which required the development of the terms of reference for the TA Programme Board, attached as Appendix 2 to the Report. A detailed update of all the current TA Programme and project initiatives were attached as Appendix 3 to the Report.

The Committee, for its interest, agreed to note the update in relation to the various aspects of the Council's Transforming Angus Change Programme, including the financial update in relation to the Transforming Angus Change Fund.

13. COMPLAINTS RAISED WITH SCOTTISH PUBLIC SERVICES OMBUDSMAN – ANGUS COUNCIL

With reference to Article 10 of the minute of meeting of this Committee of 25 November 2014, there was submitted Report No 259/15 by the Head of Legal and Democratic Services, providing information about complaints made to the Scottish Public Services Ombudsman (SPSO) in respect of Angus Council during the period 1 October 2014 to 31 March 2015.

Attached at Appendix 1 was a list detailing all complaints received during the period and, for those which were upheld, a section on the lessons learned from the complaint. Attached as Appendix 2 was an update in relation to complaints received between April 2013 and March 2014.

The Committee agreed:-

- (i) to note the findings of the SPSO; and
- (ii) that the actions taken in respect of the SPSO recommendations were appropriate.

14. ACCOUNTS COMMISSION REPORT – BORROWING AND TREASURY MANAGEMENT IN COUNCILS

There was submitted Report No 260/15 by the Head of Corporate Improvement and Finance, presenting for the Committee's interest and review, a recently published report by the Accounts Commission which was relevant to the business of the Council and role of this Committee.

Attached as Appendix 1 to the Report was the Borrowing and Treasury Management in Councils report. Attached as Appendix 2 to the Report was a copy of the Scrutiny Guidance and Questions for Councillors. The results of a self-assessment on the questions and scrutiny checklist contained in the Accounts Commission Supplement (Appendix 2 refers) had been prepared with direct input from officers and elected members, as attached as Appendix 3 to the Report.

The Committee agreed:-

- (i) to note the Accounts Commission Report "Borrowing and Treasury Management in Councils" attached as Appendix 1 to the Report;
- (ii) to note the supplement to the main Report, attached as Appendix 2 to the Report;
- (iii) to approve the intended actions, attached as Appendix 3 to the Report, which had been prepared following the Capital and Treasury Management training event for elected members on 5 June 2015; and
- (iv) to note the implications of the information in Appendices 1 – 3.

15. SCRUTINY AND AUDIT COMMITTEE – REMIT

The Chief Executive advised that at the meeting of Angus Council on 18 June 2015, it had been agreed that as part of the review of the Council's Committee structure the Police and Fire & Rescue Sub-Committee would cease and that the scrutiny of the police and fire services would be delivered in future by this Committee. He indicated that further dialogue was required in relation to a number of areas.