

## ANGUS COUNCIL

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held in the Town and County Hall, Forfar, on Tuesday 23 August 2016 at 2.00pm.

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

Councillor BOYD, Vice-Convenor, in the Chair.

### 1. **APOLOGIES/SUBSTITUTES**

Apologies for absence were intimated on behalf of Councillors Bob Spink and Mark Salmond with Councillor Colin Brown substituting for Councillor Salmond.

### 2. **DECLARATIONS OF INTEREST**

Councillor Jeanette Gaul declared an interest in item 7 as she was a Council appointed director on the Culture and Leisure Trust (Angus Alive). She indicated that she would participate in any discussion and voting.

### 3. **MINUTE OF PREVIOUS MEETING**

The minute of meeting of this Committee of 21 June 2016 was approved as a correct record and signed by the Vice-Convenor.

### 4. **SCOTTISH FIRE AND RESCUE SERVICE QUARTERLY PERFORMANCE REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2016**

With reference to Article 4(a) of the minute of meeting of this Committee of 21 June 2016, there was submitted Report No 302/16 by Colin Grieve, Local Senior Officer, Scottish Fire and Rescue Service containing performance information relating to the first quarter (April to June) of 2016-17 on the performance of the Scottish Fire and Rescue Service in support of member scrutiny of local service delivery.

Attached as Appendices 1 and 2 to the Report was the detailed breakdown and analysis of all the data collected during the reporting period along with a performance summary for the period 1 April 2016 to 30 June 2016.

Colin Grieve, Local Senior Officer, provided an overview and highlighted a number of key performance results.

Following discussion where questions were answered, the Committee agreed to note the performance of the Scottish Fire and Rescue Service against the priorities, performance indicators and targets detailed within the Local Fire and Rescue Plan for Angus 2014-2017.

### 5. **ANGUS LOCAL POLICING AREA PERFORMANCE RESULTS FOR THE PERIOD 1 APRIL TO 30 JUNE 2016**

With reference to Article 5 of the minute of meeting of this Committee of 21 June 2016, there was submitted Report No 303/16 by Chief Superintendent Paul Anderson, which updated the Committee on the performance results for the period 1 April to 30 June 2016.

Attached as Appendix A to the Report were performance indicators that had been subdivided into priorities within the Report which were the Local Policing Priorities as identified in the three year Local Policing Plan:-

- Serious and Organised Crime
- Public Protection and Safety
- Road Safety
- Antisocial Behaviour
- Theft and Scams

Chief Superintendent Anderson accompanied by Chief Inspector Iain Wales, provided an informative overview of the Report.

Following discussion where questions were answered, and having heard from a number of members, the Committee agreed:-

- (i) to note the contents of the Report; and
- (ii) to request that Chief Superintendent Paul Anderson review future quarterly reports to consider including a breakdown in relation to stop and search.

Having heard from the Vice-Convenor, Chief Superintendent Anderson confirmed that there were no additional confidential matters to be reported as previously listed on the published agenda at Item 16.

*At this point, the Scottish Fire and Rescue Service and Police Scotland representatives left the meeting.*

## **6. 2015/16 UNAUDITED ANNUAL ACCOUNTS**

With reference to Article 5 of the minute of meeting of this Committee of 25 August 2015, there was submitted Report No 304/16 by the Head of Corporate Improvement and Finance, outlining the Council's 2015/16 unaudited Annual Accounts and East of Scotland European Consortium (ESEC) 2015/16 unaudited Annual Accounts, which, as required by law had been submitted to the Controller of Audit for audit purposes.

The Report indicated that the Annual Accounts had been prepared by the Head of Corporate Improvement and Finance and his team on a draft basis and were submitted to the Controller of Audit for audit purposes in accordance with a statutory deadline of 30 June 2016.

At the ESEC Board meeting of 20 March 2015, the Board were advised of the requirement for producing their annual accounts under the Local Authority Accounts (Scotland) Regulations 2014, which came into force in October 2014. It was agreed at that meeting that due to the geographical spread of members and that the Board was made up of nominees from several different local authorities, to delegate the Board's responsibilities for scrutiny of the unaudited accounts to the host authority's Scrutiny and Audit Committee which performed the same function for the Angus Council Accounts.

The ISA 260 Report for Angus Council would not be available until the audit work was complete. The findings from the audit work and ISA 260 Report for Angus Council would be incorporated into the Annual Report to Members this year as a result of change in legislation and this would be submitted to the Scrutiny and Audit Committee meeting on 27 September 2016. The Report would also be presented to Angus Council on 20 October 2016.

The ESEC audited accounts and associated annual report incorporating the ISA 260 report would be presented to the ESEC Board on 23 September 2016 to fulfil its role in authorising the audited accounts for signature thus concluding the ESEC annual accounts process for the year.

Having heard the Head of Corporate Improvement and Finance highlight a number of points, the Committee agreed:-

- (i) to note the Angus Council 2015/16 Unaudited Annual Accounts;
- (ii) to note the East of Scotland European Consortium (ESEC) 2015/16 Unaudited Annual Accounts; and
- (iii) to note that under the new legislation, the ISA 260 Report previously received from the Council's external auditor would now form part of the Annual Report to Members which would, on its completion, be reported to this Committee prior to the annual accounts being approved by this Committee.

## **7. INTERNAL AUDIT ACTIVITY UPDATE**

With reference to Article 6 of the minute of meeting of this Committee of 21 June 2016, there was submitted Report No 305/16 by the Service Manager – Governance and Consultancy, providing the Audit Manager’s update on the main findings of the Internal Audit Report issued since the date of the last meeting.

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

- Service Reviews
- Governance of School Funds
- IT Asset Management

The Report provided an update in relation to the completion of the 2015/16 Internal Audit Plan, the 2016/17 Internal Audit Plan and the progress with implementing internal audit recommendations.

Having heard from a number of members in relation to the Governance of School Funds Audit, where questions were answered, the Committee agreed:-

- (i) to note the update on the completion of the 2015/16 Internal Audit Plan and the progress with the 2016/17 Internal Audit Plan; and
- (ii) to note management’s progress in implementing internal audit recommendations.

## **8. SCRUTINY PANEL REVIEWS - UPDATE**

With reference to Article 8 of the minute of meeting of this Committee of 8 March 2016, there was submitted Report No 306/16 by the Service Manager – Governance and Consultancy, providing an update on the action plan from the 2015/16 Scrutiny Panel review of Economic Development and Links to Planning, for review and challenge.

The Committee agreed to note the contents of the updated action plan, attached as Appendix 1 to the Report.

## **9. NATIONAL FRAUD INITIATIVE UPDATE**

With reference to Article 8 of the minute of meeting of this Committee of 25 August 2015, there was submitted Report No 307/16 by the Service Manager – Governance and Consultancy, advising members of the publication of Audit Scotland’s Report “The National Fraud Initiative in Scotland”; providing information on National Fraud Initiative (NFI) planning for 2016/17 and also the final update on the outcomes of NFI for 2014/15.

The Report indicated that participation in the National Fraud Initiative was an integral part of the Council’s corporate approach to the prevention and detection of fraud and error. The datasets for the 2014/15 NFI exercise had been submitted in October 2014 with the results of the data matching exercise released through the NFI secure website application during the first quarter of 2015. A small number of additional matches had been released in December 2015.

The low level of outcomes identified to date provided assurances that for those areas covered by NFI, the internal control framework of the Council, was operating effectively.

The Service Manager – Governance and Consultancy provided an overview and highlighted to members that questions 1 and 7 of the Self Appraisal checklist required members’ comments.

Councillor Murray indicated that he considered elected members had been provided with all the necessary information and level of details required to fulfil the commitment to NFI.

The Committee agreed:-

- (i) to note the contents of the Audit Scotland Report “The National Fraud Initiative in Scotland”;

- (ii) to note the local outcome of approximately £93,000 from National Fraud Initiative 2014/15, of which £64,000 represented notional value attached to cancelled Blue Badges; and
- (iii) to note the continued participation of Angus Council in the National Fraud Initiative.

*Alan Munn, Audit Manager, declared an interest in the following item as he was an employee of Scott-Moncrieff, a co-source partner and left the meeting during consideration of the item.*

## 10. COUNTER FRAUD POLICIES

There was submitted Report No 308/16 by the Service Manager – Governance and Consultancy, seeking approval for proposed changes to existing counter-fraud policies, to strengthen the Council's counter-fraud framework.

The Report indicated that the Council had a suite of counter-fraud documents, including the Anti-Fraud and Corruption Strategy, Fraud Guidelines and Response Plan and Whistleblowing Policy for Employees, which were currently included in Appendix 4 to Financial Regulations.

The documents had been reviewed and revised to ensure that they were up to date, relevant and reflected current work practices but the overall messages of zero tolerance to fraud and corruption; commitment to minimising the risk of loss and commitment to taking appropriate action against those who attempted to defraud the Council were unchanged.

The Committee agreed:-

- (i) to note the revised Counter-Fraud and Corruption Strategy, Fraud Response Plan and Whistleblowing Policy as appended to the Report;
- (ii) to note the proposals for publishing the revised documents; and
- (iii) to commend the documents to the Policy and Resources Committee, for approval.

## 11. INTERNAL AUDIT RESOURCING

With reference to Article 12 of the minute of meeting of the Policy and Resources Committee of 2 December 2014, there was submitted Report No 309/16 by the Service Manager – Governance and Consultancy seeking homologation for the decision to extend the contract with Scott Moncrieff to address the shortfall in the internal audit resource to allow delivery of the agreed 2016-17 Internal Audit Plan.

The Report indicated that internal audit was a statutory function within the Council which was currently delivered through the mixed provision model with a contract let to Scott-Moncrieff to provide an Audit Management service and a small degree of co-sourcing. Scott-Moncrieff worked with Council directly employed staff to deliver the audit plan.

Two of the directly employed staff had recently tendered their resignation, having secured other posts. This had more than halved the directly employed staff from 3.6 FTE to 1.6 FTE and meant that the agreed Audit Plan for 2016-17 would not be delivered, unless alternative resourcing was found. Historically there had been considerable difficulties in attracting internal audit staff to Angus, and indeed, these difficulties existed across the market.

Discussions had taken place with Scott Moncrieff with a view to them covering the resource for the current year to ensure the delivery of the audit plan. A proposal had been received, reviewed and accepted by the Service Manager – Governance and Consultancy, in consultation with the Convener of the Scrutiny and Audit Committee and the Chief Executive. The proposal was considered to be value for money.

The proposal involved the contractors seconding an experienced member of their staff to internal audit for around 150 days with an additional 20 co-source days from 1 August until completion of the 2016/17 Audit Plan. This could be no later than May 2017 given the requirement to have the Plan completed for the Audit Manager's annual report to the June 2017 Scrutiny and Audit Committee.

This was considered an affordable and sensible option for delivery of the current year plan as a short term solution but it was recommended there be a full review to consider delivery options beyond 2016-17 to ensure the Council was in a position to have an internal audit service that continued to discharge the statutory requirement and to continue to do so in full compliance with the public sector internal audit standards PSIAS.

The Committee agreed to note the contents of the Report and that homologation for the actions taken would be sought from the Policy and Resources Committee.

## **12. RISK MANAGEMENT STRATEGY REVIEW**

With reference to Article 12 of the minute of meeting of the Policy and Resources Committee of 7 June 2016, there was submitted Report No 310/16 by the Service Manager – Governance and Consultancy, advising members of the amendments to the Council's Risk Management Strategy.

The Report indicated that the outcome of the review was that the strategy was still very much fit for purpose and required only minimal amendment. The Risk , Resilience and Safety Group had been renamed the Risk Group for ease of reference and its roles and responsibilities had been broadened slightly to promote a cohesive and dynamic approach to helping staff understand, identify and manage their risks. The amendments were shown as tracked changes in the document attached as Appendix 1 to the Report.

The Committee agreed to note the contents of the amended Risk Management Strategy Review and that the outcome of the review of the Corporate Risk Register would be reported to this Committee on 22 November 2016.

## **13. SICKNESS ABSENCE 2015/16**

With reference to Article 11 of the minute of meeting of this Committee of 25 August 2015, there was submitted Report No 311/16 by the Head of HR, IT & OD, analysing sickness absence within the Council during the 2015/16 financial year.

The Report indicated that the year's absence figure had increased from 4.81% in 2014/15 to 4.87% in 2015/16. Human Resources Advisers continued to support managers to address their responsibilities for staff who were absent from work. This was through direct one to one support, training and coaching.

Support for the management of absence included the implementation of a Day 1 reporting procedure via the Council's occupational health provider where employees reported their absence directly to a health professional, who could provide immediate help and guidance to facilitate the earliest possible return to work.

Human Resources had also discussed with directorates any needs for information to support the management of absence, to ensure managers were clear about their responsibilities and to ensure appropriate monitoring of absence levels was in place. In addition, a concentrated piece of work was currently being undertaken with services in relation to long term absence cases.

The Report also indicated that stress related absence (work and non work related) accounted for approximately 1 in 4 of the days lost and remained the single largest cause of absence. As a matter of priority, the Council strived to reduce stress related absence and to support employees suffering from such conditions through its various absence management measures and the introduction of additional employee wellbeing support.

The Committee agreed to note the terms of the Report.

## **14. ANGUS COUNCIL CHIEF SOCIAL WORK OFFICER'S ANNUAL REPORT FOR 2015-2016**

With reference to Article 9 of the minute of meeting of Angus Council of 10 December 2015, there was submitted Report No 312/16 by the Chief Social Work Officer, presenting to elected members the Chief Social Work Officer (CSWO) Report for 2015/16.

The Annual Report provided details for elected members as to how the Chief Social Work Officer for Angus discharged the specific statutory element of the role and outlined the important contributions social work services made to the wellbeing and safety of the people of Angus. The Report also detailed key developments across the range of services and highlighted the challenges for the year ahead, which were outlined in Section 4 of the Report.

Having heard from the Chief Social Work Officer, the Committee agreed:-

- (i) to note the contents of the Angus Council Chief Social Work Officer's Annual Report for 2015/16, attached as Appendix 1 to the Report; and
- (ii) to commend the Angus Council Chief Social Work Officer's Annual Report 2015/16 to Angus Council for its consideration.