

## ANGUS COUNCIL

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held in the Town and County Hall, Forfar, on Tuesday 25 November 2014 at 2.00pm.

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

Councillor SPINK, Convener, in the Chair.

### 1. APOLOGIES/SUBSTITUTES

There were no apologies intimated.

### 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 30 September 2014 was submitted and approved as a correct record and signed by the Convener.

### 4. INTERNAL AUDIT ACTIVITY UPDATE

With reference to Article 7 of the minute of meeting of this Committee of 30 September 2014, there was submitted Report No 476/14 by the Service Manager – Governance providing the Audit Manager's update on the main findings of Internal Audit Reports issued since the date of the last meeting.

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

- IT Incident Management
- LEADER
- Procurement – Contract Register Compliance

The Report also provided an update in relation to the 2013/2014 and 2014/15 Internal Audit Plans.

The Committee agreed:-

- (i) to note the update on progress with the 2013/14 Internal Audit Plan; and
- (ii) to note the update on progress with the 2014/15 Internal Audit Plan.

### 5. CORPORATE RISK REGISTER

With reference to Article 8 of the minute of meeting of the Policy and Resources Committee of 2 September 2014, there was submitted Report No 477/14 by the Service Manager – Governance presenting the revised Corporate Risk Register for review and scrutiny.

The Report indicated that the revised Corporate Risk Register was the output of a number of workshops conducted with both the Executive Management Team and the Corporate Management Team and had been developed in accordance with the new Risk Management Strategy. Attached as Appendix 1 to the Report was a summary of the risks, their appetites, their current score and whether there was an action plan attached. Appendix 2 contained the full Corporate Risk Register.

The Committee agreed to note the contents of the Corporate Risk Register.

## 6. INTERNAL AUDIT – EXTERNAL QUALITY ASSESSMENT (EQA)

There was submitted Report No 478/14 by the Service Manager – Governance presenting the results of the EQA on the Council's Internal Audit service and confirming full compliance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

The Report indicated that the Public Sector Internal Audit Standards placed a requirement for public sector internal audit functions to be subject to an External Quality Assessment at least every five years. This assessment sought to confirm the extent of compliance with the PSIAS.

Appendix 1 provided members with the results of the External Quality Assessment, and overall, this was a very positive assessment which identified that Internal Audit fully complied with the requirements of the PSIAS. Several recommendations were contained within the Report and would be taken forward under the continuous improvement work of the service. Internal Audit had developed an action plan which was contained at Appendix 2 and updates on the discharge of the action plan would be reported to this Committee.

The Committee agreed to note the contents of the External Quality Assessment Report produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

## 7. INTERNAL AUDIT CO-SOURCE TENDER – PROCUREMENT OPTIONS AND AUTHORITY

With reference to Article 8 of the minute of meeting of this Committee of 28 January 2014, there was submitted Report No 479/14 by the Service Manager – Governance recommending an option for the procurement of internal audit management co-sourcing services for the Council and seeking relevant procurement authority.

The Report indicated that the Local Authority Accounts (Scotland) Regulations 2014 had introduced a statutory requirement for local authorities to operate a professional and objective internal auditing service, which must be provided in accordance with the standards and practices set out in the Public Sector Internal Audit Standards (PSIAS). The statutory duty applied from 10 October 2014. The current internal audit co-source contract was due to expire on 31 January 2015. The External Quality Assessment had found that the arrangements with the current provider within Angus had been very successful, which had to be factored into the Forward Procurement arrangements and the option of continuing with the current partnership explored.

To fulfil statutory obligations there was an ongoing requirement for a Chief Audit Executive resource to lead the internal audit function and to provide an independent core assurance service. There was also an ongoing requirement for access to specialist support which was not available in-house.

Section 5 outlined two options for delivery of the required service, essentially to continue with the current arrangements through a new negotiated contract or to tender through the open market.

The Committee, for its interest, agreed:-

- (i) to note the contents of the Report;
- (ii) to approve option A as the most appropriate for the procurement of internal audit co-sourcing services and to commend this option to the Policy and Resources Committee for procurement authority; and
- (iii) to note the current contract arrangements would be extended under Chief Officer delegated authority for a period of three months to allow the preferred option to be implemented.

## **8. ANGUS COUNCIL ANNUAL ACCOUNTS 2013/14 AND THE REPORT TO MEMBERS ON THE 2013/14 AUDIT OF ANGUS COUNCIL**

With reference to Article 13 of the minute of meeting of this Committee of 30 September 2014, there was submitted Joint Report No 480/14 by the Chief Executive, the Strategic Director - Resources and the Head of Corporate Improvement and Finance covering Audit Scotland's Report to members on the 2013/14 audit of Angus Council and asking members to formally note the 2013/14 Annual Accounts including the Audited Accounting Statements for Angus Council; and also advising members of the intention to publish a summarised version of the Accounts.

The Report indicated that the Council had met the statutory deadline for the submission of its draft accounts for audit by the due date of 30 June 2014 and had been provided with an Unqualified Audit Certificate on 30 September 2014.

Each year the External Auditor was required to provide a formal Report to elected members of the Council and the Controller of Audit on the audit of the Council for the latest financial year. The Auditor's Report for the 2013/14 financial year was attached as Appendix 1 to the Report and covered each of the areas identified in paragraph 3.3 which was relevant to the Auditor's roll. The Auditor's Report was a key document which informed members of significant matters affecting the Council's financial arrangements, governance and performance.

Having heard from the Head of Corporate Improvement and Finance, in relation to the Annual Accounts and from Ann McDonald, Senior Audit Manager, Audit Scotland in relation to the Report to Members on the 2013/14 Audit of Angus Council and following a number of questions from Members, the Committee, for its interest, agreed to note the contents of Audit Scotland's Report to members on the 2013/14 Audit of Angus Council, as appended to the Report.

## **9. COMPLAINTS**

With reference to Article 7 of the minute of meeting of this Committee of 24 June 2014, there was submitted Report No 481/14 by the Chief Executive highlighting the complaint statistics and satisfaction for 2013/14 and updating members on the action being taken to ensure the effectiveness of the Complaints Handling Procedure and to learn from complaints.

The Report indicated that since 1 April 2013, the Council had been operating the new Complaints Handling Procedure for local authorities as required by the Scottish Public Services Ombudsman. Details of the analysis of key indicators for 2013/14 were outlined in section 4 of the Report and a full copy of the indicators were attached at Appendix 1 to the Report. Indicator 7 of the Performance Management Framework required Councils to report on customer satisfaction with the complaints process. To achieve this, satisfaction surveys had been issued to all complainers within six weeks after the complaint had been closed off. During 2013/14 18 completed questionnaires had been returned and the results were outlined in section 5 of the Report.

In addition, each Directorate had been asked to identify and act on the key learning points from the complaints received about their service. Complaints, along with key learning points and procedures/processes had been changed as a result of complaints, and were attached as Appendix 2 to the Report.

The Committee agreed:-

- (i) to note the key performance indicators on complaints closed between 1 April 2013 and 31 March 2014; and
- (ii) to note the results of the satisfaction survey sent to everyone who had made a complaint which was closed during 2013/14.

## **10. COMPLAINTS RAISED WITH SCOTTISH PUBLIC SERVICES OMBUDSMAN – ANGUS COUNCIL**

With reference to Article 9 of the minute of meeting of the Strategic Policy Committee of 4 December 2012, there was submitted Report No 482/14 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 April to 30 September 2014.

The Report indicated that the SPSO had required the Council to comply with the National Complaints Handling Procedure which was adopted by Angus Council in December 2012. The purpose behind a single procedure was to enable Councils not only to compare the number and type of complaints with other local authorities but also to enable Councils to learn from complaints and to use them to drive improvement within the Council service.

Attached as 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.

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.

## **11. ANNUAL REPORT FROM THE SCOTTISH PUBLIC SERVICES OMBUDSMAN**

There was submitted Report No 483/14 by the Head of Legal and Democratic Services, advising members that the Scottish Public Services Ombudsman had presented his Annual Report for the period 2013/14 which enabled Angus Council to compare itself against the sector totals for specified areas of complaints.

The Report indicated that the Annual Scottish Public Services Ombudsman's Report had been issued on 8 October 2014 and contained information relating to the operation of the standardised model Complaints Handling Procedure. The Report also provided statistical information in relation to the performance of each Local Authority enabling the Council to measure its performance against the sector totals of specified areas shown in the Appendix to the Report. Comparative information for the year 2012/13 which was the first year of implementation of the new Complaints Handling Procedure was also contained with the Report.

The SPSO also provided details of complaints that were determined during the period 2012/13 and 2013/14. During 2012/13 a total of 21 complaints had been determined and during 2013/14 a total of 25 complaints had been determined.

The Committee agreed to note the statistical information provided by the Scottish Public Services Ombudsman and the performance of Angus Council in relation to the sector totals.

## **12. SCRUTINY PANEL REVIEWS**

The Service Manager – Governance provided an overview and update in relation to the Scrutiny Panel.

## **13. EXCLUSION OF PUBLIC AND PRESS**

The Committee resolved, in terms of Standing Order 27 (2) that the public and press be excluded from the meeting during consideration of the following item, so as to avoid the possible disclosure of information which was exempt in terms of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973, paragraph 14.

**14. INTERNAL AUDIT INVESTIGATION REPORT**

There was submitted Report No 484/14 by the Service Manager – Governance apprising members of the outcome of an investigation conducted by Internal Audit.

The Committee agreed to approve the recommendations, as detailed in the Report.