

ANGUS COUNCIL

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held in the Town and County Hall, Forfar, on Tuesday 26 August 2014 at 2.23pm.

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

Councillor SPINK, Convener, in the Chair.

1. APOLOGIES/SUBSTITUTES

An apology for absence was intimated on behalf of Councillor David Fairweather.

At this stage of the meeting, the Convener advised that Councillor Fairweather had intimated his resignation from this Committee and confirmed that a replacement would be considered at the meeting of Angus Council on 11 September 2014. The Convener thanked Councillor Fairweather for his contribution to the work of this Committee.

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 24 June 2014](#) was submitted and approved as a correct record, subject to the inclusion of Councillor Devine's apologies.

4. 2013/14 DRAFT UNAUDITED ACCOUNTING STATEMENTS

With reference to Article 4 of the minute of meeting of this Committee of 13 August 2013, there was submitted [Report No 353/14](#) by the Head of Corporate Improvement and Finance, appending a copy of the Council's 2013/14 Draft Accounting Statements, which, as required by law, had been submitted to the Controller of Audit for audit purposes.

The Report indicated that the Accounts had been prepared by the Head of Corporate Improvement and Finance and his team on a draft basis and represented the culmination of the year's financial transactions and were an essential means of demonstrating the proper stewardship of public funds as well as budget performance and financial control. It was the eighteenth set of Annual Accounts of the Council and indicated that the difficult financial targets which had been set in financial year 2013/14 had been achieved. The key to the achievement of the targets had been the implementation of a robust budgetary control system which enabled a proactive virement strategy to be adopted.

The ISA 260 Report from the Council's External Auditor would not be available until the audit work was complete in September 2014, thereafter enabling the audit certificate to be issued.

The findings from the audit work and ISA 260 Report would be submitted to this Committee on 30 September 2014.

Having heard the Service Manager – Financial Services highlight a number of points, and having also heard from a number of members, the Committee agreed:-

- (i) to note the 2013/2014 Draft Accounting Statements, as appended to the Report; and
- (ii) to note that the ISA 260 Report from the Council's external auditor would on its completion be reported to this Committee prior to the audit process being concluded.

5. TREASURY MANAGEMENT ANNUAL REPORT 2013/14

With reference to Article 11 of the minute of meeting of Angus Council of 12 September 2013, there was submitted [Report No 354/14](#) by the Head of Corporate Improvement and Finance detailing the Treasury Management activities in 2013/14.

The Report indicated that as a result of sound treasury management activity, the Council had been able to meet all of its financial obligations and cash flow requirements throughout the financial year without encountering any liquidity problems. A higher than budgeted return on investments had been delivered in volatile and challenging economic conditions and in compliance with the Treasury Management policies and strategies.

The Committee agreed to note the 2013/14 Treasury Management Annual Report as appended to the Report.

6. ANGUS COMMUNITY PLAN AND SINGLE OUTCOME AGREEMENT 2013/16 - 2013/14 FULL YEAR HIGHLIGHT REPORT

With reference to Article 4 of the minute of meeting of this Committee of 28 January 2014, there was submitted [Report No 355/14](#) by the Head of Planning and Place, presenting the 2013/14 Full Year Highlight Report on the Angus Community Plan and Single Outcome Agreement 2013/16.

The Report indicated that the final draft full year progress reports for each of the five thematic partnerships had been produced and had been used to compile the highlight report. Overall, the performance of Angus Community Planning Partnership had been relatively positive with 63% of the indicators meeting or exceeding target and 57% of the indicators having improved on the previous year's performance.

Having heard from Vivien Smith, Head of Planning and Place and following a number of questions from members, the Committee agreed:-

- (i) to approve the 2013/14 Full Year Highlight Report for the Angus Community Planning and Single Outcome Agreement 2013/16, as appended to the Report;
- (ii) to submit the Report to the Angus Community Planning Partnership Board on 17 September 2014; and
- (iii) to submit the Report to the Scottish Government by the end of September 2014.

At this stage, Councillors Myles and Salmond left the meeting.

7. AUDIT SCOTLAND – PROCUREMENT IN COUNCILS

There was submitted [Joint Report No 356/14](#) by the Chief Executive and the Head of Corporate Improvement and Finance, presenting the Audit Scotland Report "Procurement in Councils" on behalf of the Accounts Commission for consideration in terms of its implications for assessment of the governance, risk and internal control of the Council's procurement activity.

The Report indicated that Audit Scotland had been commissioned by the Accounts Commission to report on procurement in Scottish local government. The key facts and messages and the analysis of issues for the Council were outlined in Sections 4 and 5 of the Report.

The list of recommendations for the Audit Scotland Report along with the detailed response to each recommendation in terms of the Council's current position was contained in Appendix 1 to the Report.

Having heard Councillor Murray's concerns in relation to the contents of the Report and from the Service Manager – Financial Services, the Committee agreed:-

- (i) to note the Audit Scotland Report "Procurement in Councils" published in April 2014, as appended to the Report;

- (ii) to approve the analysis of the Audit Scotland Report set out in the Report, in particular Section 5;
- (iii) to approve the analysis of issues and proposed Council approach in the response set out in Section 5 of the Report; and
- (iv) to authorise the Head of Corporate Improvement and Finance to send the Report and Appendix 1 to Audit Scotland and the Scottish Government for their consideration.

8. SICKNESS ABSENCE JANUARY TO MARCH 2014

With reference to Article 5 of the minute of meeting of this Committee of 22 April 2014, there was submitted [Report No 357/14](#) 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 2014.

Having heard from the Head of HR, IT and Organisational Development, the Committee agreed to note the terms of the Report.

9. INTERNAL AUDIT ACTIVITY UPDATE

With reference to Article 4 of the minute of meeting of this Committee of 24 June 2014, there was submitted [Report No 358/14](#) by the Service Manager – Governance, providing the Audit Manager's update on the main findings of the Internal Audit Reports issued since the date of the last meeting.

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

- Public Transport
- Housing Planned Maintenance
- Statutory Duties
- Creditors - Duplicate Payments

The Report also provided an update in relation to the 2014/15 Internal Audit Plan and the External Quality Assessment.

The Committee agreed:-

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

10. ANGUS COUNCIL ASSURANCE AND IMPROVEMENT PLAN UPDATE 2014-17

With reference to Article 5 of the minute of meeting of this Committee of 16 May 2013, there was submitted [Report 359/14](#) by the Service Manager – Governance providing the Angus Council Assurance and Improvement Plan 2014-17.

The Report indicated that the Assurance and Improvement Plan (AIP) set out the planned scrutiny activity in Angus Council between April 2014 and March 2017 and was based on a shared risk assessment undertaken by a Local Area Network (LAN).

The outcome of the risk assessment was outlined in Section 4 of the Report and translated into a scrutiny plan for the Council for 2014/15 and 2015/16. A number of scrutiny areas were timetabled for the May-July 2014 period which included the Adult Services Inspection, National Report follow-up work and the issue of the SHR Performance Enquiry. A major piece of scrutiny work would be a Best Value follow-up to assess the impact of the Council's leadership and change programme which was scheduled to commence in October 2015.

Attached as Appendix 1 to the Plan was a timetable for the planned audit and inspection activity between April 2014 and March 2017.

The Committee agreed:-

- (i) to note the contents of the Report including the risk assessment and scrutiny plan; and
- (ii) to note the planned external scrutiny activity.

11. BENEFIT FRAUD INVESTIGATION REVIEW TO 31 MARCH 2014

With reference to Article 11 of the minute of meeting of this Committee of 13 August 2013, there was submitted [Report No 360/14](#) by the Service Manager – Governance, providing background to the work of the Benefit Fraud Team and summarising the activity undertaken in the year to 31 March 2014.

The Report indicated that the year to 31 March 2014 represented another successful year for the Benefit Fraud Team (BFT). Prior to April 2013, the Benefit Fraud Team's sole responsibility was the investigation of Housing Benefit and Council Tax Benefit. From April 2013, the team had also investigated Council Tax reduction, Council Tax discounts and exemptions and tenancy irregularities. They had also assisted with Internal Audit investigations into allegations of employee misconduct. The outcome for these new areas of work were contained in Section 5 of the Report and also appended to the Report.

The date for the transfer of Housing Benefit fraud work from Angus Council to the Department of Work and Pensions Single Fraud Investigation Service had been confirmed as May 2015.

The Committee agreed to note the contents of the Report.

12. NATIONAL FRAUD INITIATIVE UPDATE

With reference to Article 19 of the minute of meeting of this Committee of 13 August 2013, there was submitted [Report No 361/14](#) by the Service Manager – Governance, providing members with a final update on the outcomes of the National Fraud Initiative (NFI) 2012/13; advising of the publication of Audit Scotland's report "The National Fraud Initiative in Scotland" and providing information on National Fraud Initiative planning for 2014/15.

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

The Committee agreed:-

- (i) to note the outcomes from the National Fraud Initiative 2012/13 of approximately £86,000 of which £40,000 related to benefit overpayments; the remaining £46,000 represented a notional value attached to cancelled Blue Badges, as outlined in Section 4 of the Report;
- (ii) to note that the outcomes of the internal data matching exercise in relation to Council Tax Single Person Discount would be reported at a later date;
- (iii) to note the contents of the Audit Scotland Report "The National Fraud Initiative in Scotland" , as appended to the Report; and
- (iv) to note the continued participation of Angus Council in the National Fraud Initiative.

13. SCRUTINY PANEL REVIEWS

With reference to Article 10 of the minute of meeting of this Committee of 24 June 2014, there was submitted [Report No 362/14](#) by the Service Manager – Governance providing an update on the proposals for the second tranche of Scrutiny Reviews.

The Report indicated that all members of the Committee (except the Convener) would participate in a panel review.

The two scrutiny panels had now been established and the lead officers allocated. The next stage for each of the reviews was for the panel chairs and lead officers to have initial discussions around the development of the detailed scope for the reviews. It was intended that these meetings would be held in late September with the first panel briefing meetings being held in October 2014.

COUNCILLOR SPINK, SECONDED BY COUNCILLOR FOTHERINGHAM, MOVED THAT THE COMMITTEE APPROVES THE CONTENTS OF THE REPORT.

Councillor Murray, seconded by Councillor Duff, moved as an amendment, that this Committee, in light of the comments contained in the Angus Council Assurance and Improvement Plan Update 2014-17 (Item 10, Report 359/14 refers) relating to the review in paragraph 9 of the summary, that the review topic for Panel B be deferred for further consideration.

On a vote being taken, the members voted:-

For the motion:

Councillors Spink, Boyd, Bowles, Fotheringham, Gaul and Proctor (6).

For the amendment:

Councillors Devine, Duff, Houston and Murray (4).

The motion was declared carried and became the finding of the meeting.

14. UPDATE ON CREDITORS PAYMENT PERFORMANCE TO MARCH 2014.

With reference to Article 5 of the minute of meeting of this Committee of 11 March 2014, there was submitted [Report No 363/14](#) by the Head of Corporate Improvement and Finance updating members on Council wide performance in paying supplier invoices based on data for the financial year 2013/14.

The Report reflected the performance of all Council Departments in authorising invoices for payment within 30 days of invoice receipt.

The Committee agreed to note the contents of the Report.