

ANGUS COUNCIL

MINUTE of MEETING of the **SCRUTINY AND AUDIT COMMITTEE** held in the Town and County Hall, Forfar, on Tuesday 21 August 2018 at 2.00pm.

Present: Councillors ALEX KING, BILL DUFF, JULIE BELL, BRIAN BOYD, KENNY BRAES, COLIN BROWN, LYNNE DEVINE, DAVID LUMGAIR, BEN LAWRIE, MARK McDONALD, IAN MCLAREN, CRAIG FOTHERINGHAM and BETH WHITESIDE.

Councillor KING, Convener, in the Chair.

1. APOLOGIES/SUBSTITUTES

Apologies for absence were intimated on behalf of Councillors David Fairweather and Mark Salmond with Councillors David Lumgair and Craig Fotheringham substituting, respectively.

2. DECLARATIONS OF INTEREST

Councillor Duff declared a non-financial interest in Item 11 (Report No. 243/18) in that he was a Director of Council ALEO, Angus Alive. He indicated that he would participate in any discussion and voting on this item.

Councillor Bell declared a non-financial interest in Items 11 and 12 (Report Nos. 243/18 and 244/18 refers) in that she was a member of the Integration Joint Board and the Chair of the Integration Joint Board Audit Committee. She indicated that she would participate in any discussion and voting on these items.

Councillor Lawrie declared a non-financial interest in Item 15 (Report No. 247/18) in that he was the Chair of East of Scotland European Consortium (ESEC). He indicated that he would participate in any discussion and voting on this item.

3. MINUTE OF PREVIOUS MEETING

The minute of meeting of this Committee of 19 June 2018 was approved as a correct record and signed by the Convener.

4. SCOTTISH FIRE AND RESCUE QUARTERLY MONITORING REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2018

With reference to Article 7 of the minute of meeting of this Committee of 19 June 2018, there was submitted Report No 236/18 by Gordon Pryde, Local Senior Officer, Scottish Fire and Rescue, containing performance information relating to Quarter 1 (April to June) of 2018 on the performance and activities in support of the priorities in the Local Fire and Rescue Plan for Angus 2017 and the wider community planning priorities.

Attached as Appendix 1 to the Report was the detailed breakdown and analysis of all data collected during the reporting period which also included an overview of a range of community safety engagement events and partnership working. The Report also provided context to the performance of the Scottish Fire and Rescue Service in the Angus area against indicators and targets.

Gordon Pryde provided an overview and highlighted a number of key performance results.

Councillor Whiteside raised her concerns in relation to the former Strathmartine Hospital site and intimated that the meeting previously requested between representatives of the Scottish Fire and Rescue Service, elected members and Strathmartine Community Council had not yet taken place. Gordon Pryde intimated apologies that the meeting had not been arranged but confirmed that this would now be progressed.

Councillor Devine commended the volume of work undertaken by the Angus Community Action Team (CAT).

The Committee agreed to note the performance of the Scottish Fire and Rescue Service as outlined in the Quarterly Monitoring Report for the period 1 April to 30 June 2018.

5. POLICE SCOTLAND

(a) **Angus Local Policing Area Performance Results for the period 1 April to 30 June 2018**

With reference to Article 6 of the minute of meeting of this Committee of 19 June 2018, there was submitted Report No 237/18 by Chief Superintendent Paul Anderson, which updated the Committee on the performance results for the period 1 April to 30 June 2018.

Attached as Appendix A to the Report were the performance indicators that had been sub-divided into the following priorities within the Report which were the Local Policing Priorities as identified in the 3-year Local Policing Plan:-

- Putting Victims at the heart of what we do
- Tackling Crime and Anti-social Behaviour
- Protecting Vulnerable People
- Maintaining Public Safety

Also attached as an Appendix to the Report was the Performance Summary Report advising that 8,341 calls had been received during the period 1 April 2018 to 30 June 2018.

Chief Superintendent Paul Anderson accompanied by Chief Inspector David McIntosh highlighted a number of key areas and provided an informative and detailed overview of the Report.

The Convener highlighted that the Choices for Life Project had taken place at both Grange and Seaview Primary Schools in Monifieth and advised that this had been well received and supported by staff from the schools and Tayside Council on Alcohol.

Constables Paul Morgan and Steve Wilson and Sergeant Debbie Donkin were thanked for their involvement in the project.

Following discussion, a number of questions were answered by Chief Superintendent Anderson and Chief Inspector McIntosh.

The Committee agreed to note the contents of the Report.

(b) **Briefing provided by Detective Chief Inspector Graham Binnie, Police Scotland**

With reference to Article 6 of the minute of meeting of this Committee of 19 June 2018, DCI Graham Binnie, Police Scotland provided a briefing to members in relation to Public Protection. The key areas highlighted included domestic and sexual abuse, adult and child protection, Multi-Agency Public Protection Arrangements (MAPPA) and the Safe and Together Model.

Chief Inspector David McIntosh also offered to provide a briefing to elected members in relation to the Safe and Together Model.

Following questions from members, the Committee thanked DCI Binnie for his informative briefing.

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

6. INTERNAL AUDIT ACTIVITY UPDATE

With reference to Article 10 of the minute of meeting of this Committee of 19 June 2018, there was submitted Report No 238/18 by the Chief Executive, providing the Audit Manager's Internal Audit Activity update on the main findings of the Internal Audit Report issued since the date of the last meeting.

One Internal Audit Report had been issued since the last meeting, this was in relation to General Data Protection Regulations (GDPR) Follow-Up.

The Report presented the progress of internal audit activity within the Council up to 10 August 2018 and provided an update on progress with the 2018/19 Internal Audit Plan and the implementation of internal audit recommendations.

The Committee agreed:-

- (i) to note the update on progress with the 2018/19 Internal Audit Plan and;
- (ii) to note the management's progress in implementing Internal Audit recommendations.

7. INTERNAL AUDIT CHARTER REVIEW

With reference to Article 8 of the minute of meeting of this Committee of 26 September 2017, there was submitted Report No 239/18 by the Chief Executive providing a review of the Internal Audit Charter.

The Report indicated that internal audit services were delivered in compliance with Public Sector Internal Audit Standards (PSIAS). As part of the PSIAS, a Charter was required recognising the mission of Internal Audit and describing the mandatory elements of professional internal audit practice.

The Charter was reviewed annually and changes from the previous version have been shown as tracked changes. The changes to the Charter included those to comply with the changes made in the PSIAS in April 2018.

The Committee agreed:-

- (i) to note the proposed changes; and
- (ii) to approve the Internal Audit Charter, attached as Appendix 1 to the Report.

8. SLACIAG ANNUAL REPORT 2017

With reference to Article 14 of the minute of meeting of this Committee of 22 June 2017, there was submitted Report No 240/18 by the Chief Executive submitting the 2017 Annual Report of the Scottish Local Authority's Chief Internal Auditors' Group (SLACIAG), for noting.

Appendix 1 to the Report summarised SLACIAG's purpose and the activity throughout the year that supported the Service Leader – Internal Audit in her previous role of Internal Audit Manager and the Internal Audit and Counter Fraud teams.

The Committee agreed to note the 2017 Scottish Local Authority's Chief Internal Auditors' Group Annual Report.

9. NATIONAL FRAUD INITIATIVE UPDATE

With reference to Article 10 of the minute of meeting of this Committee of 22 August 2017, there was submitted Report 241/18 by the Chief Executive, advising members of the publication of Audit Scotland's Report "The National Fraud Initiative in Scotland" and provided information on National Fraud Initiative (NFI) planned for 2018/19 and a final update on the outcomes of National Fraud Initiative for 2016/17.

The Report indicated that the remit of Scrutiny & Audit Committee included the consideration of reports on adequacy and effectiveness of the Council's counter-fraud arrangements. NFI was a major counter-fraud initiative which used computer data matching techniques to detect fraud and error.

Data sharing enabled the NFI to use technology to compare information about individuals held by different public bodies and on different financial systems that might suggest fraud or error exists.

Audit Scotland published a national report summarising the results of each biennial NFI. The Report included a summary of the national outcomes as calculated by Audit Scotland from the outcomes recorded on the secure NFI website by participating bodies. The national report included four recommendations, three for all participating bodies and one for local authorities.

Table A of Section 4.2 of the Report summarised Angus Council's position in relation to each of the recommendations.

Table B of Section 5.1 highlighted the summary of the national outcomes included within the national report, together with the corresponding figures for Angus Council. In the national report, the outcomes included the value of the fraud/error detected and an estimate for those losses that had been prevented.

The estimated value of the 2016/17 NFI outcomes to the public purse in Scotland was £18.6 million. Some of this represented overpayments that would never be recovered and estimated values that had been attached, for example, to cancelling a blue badge. Audit Scotland estimated that at least 70% of the total outcomes of £18.6 million were actual cash savings or money being recovered for the public purse.

Having heard from some members in terms of the notional value of £86,000 from cancelled blue badge permits, the Committee agreed: -

- (i) to note the Audit Scotland Report "The National Fraud Initiative in Scotland";
- (ii) to note the self-appraisal checklist attached as Appendix 1 to the Report;
- (iii) to note the local outcomes from NFI 2016/17: approximately £7,500 from overpaid housing benefit; approximately £2,900 from incorrect council tax reductions; duplicate payments of £5,255; and a notional value of £86,000 from cancelled blue badge permits; and
- (iv) to note the continued participation of Angus Council in the National Fraud Initiative.

10. CIPFA GUIDANCE FOR AUDIT COMMITTEES

There was submitted Report No 242/18 by the Head of Strategic Policy, Transformation and Public Sector Reform, advising members that CIPFA had updated the publication Audit Committees – Practical Guidance for Local Authorities and Police.

The Report set out CIPFA's guidance on the function and operation of Audit Committees in Local Authorities and Police bodies and represented best practice for Audit Committees in Local Authorities throughout the UK (and for Police Audit Committees in England and Wales).

The guidance incorporated CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018) which set out CIPFA's view of the role and functions of an Audit Committee and replaced the previous 2013 statement. The 2018 Position Statement was attached at Appendix 1 to the Report.

The Committee agreed: -

- (i) to note the revised guidance issued by CIPFA;
- (ii) to note that updated checklists from the revised guidance would form the basis for the 2018/19 Scrutiny and Audit Committee self-assessment; and
- (iii) to note that a Word version of Appendix C to the guidance would be provided to facilitate assessment against the key knowledge and skills framework.

11. ACCOUNTS COMMISSION REPORT – COUNCILS' USE OF ARMS LENGTH EXTERNAL ORGANISATIONS

There was submitted Report No 243/18 by the Head of Strategic Policy, Transformation and Public Sector Reform presenting the key findings from the Accounts Commission Report on the Councils' Use of Arms-Length Organisations (ALEOs).

The Report indicated that in May 2018, the Accounts Commission published the report "Councils' Use of Arms Length Organisations" which provided an overview of the use of ALEOs by Local Authorities in Scotland and included case studies of good practice. The audit work was undertaken by Audit Scotland on behalf of the Accounts Commission. Angus Council had one ALEO, ANGUSalve, providing cultural support and leisure services on behalf of the Council.

Attached as Appendix 1 to the Report was a summary of the Report's key messages.

Angus Council's external auditors had recently issued their 2017/18 Interim Management Report (Report 250/18 refers). The Report identified a number risks, one of which was the need for effective scrutiny to ensure that external organisations were delivering value for money for the services provided. Arrangements had been made for ANGUSalve's 2016/17 Annual Performance Report to be submitted to this Committee in September 2018. The 2017/18 Annual Performance Report would be submitted once the external audit of ANGUSalve had been completed and the Report approved by the Board of ANGUSalve.

The Committee agreed to note the Accounts Commission's Report on the Councils' Use of Arms-Length Organisations.

12. ANGUS IJB INTERNAL AUDIT REPORTS

There was submitted Report No 244/18 by the Chief Executive, informing members about recent internal audit reviews in the Angus Health and Social Care Partnership/Integration Joint Board (IJB).

The Report advised members of the findings of two IJB internal audit reviews which were reported to the IJB's Audit Committee on 27 June 2018. Fife, Tayside and Forth Valley Audit and Management Services (FTF) provided the Chief Internal Auditor function for the IJB. IJB Internal audit reports use FTF's definitions of assurance categories and recommendation priorities. A copy of the definitions was attached at Appendix 1 to the Report.

In terms of Clinical, Care and Professional Governance (AN05/18), a number of risks were identified as within the scope for the audit which were outlined in Section 4 of the Report. The audit opinion was Category B, which was defined as "Broadly Satisfactory – there was an adequate and effective system of risk management, control and governance to address risks to the achievement of objectives, although minor weaknesses were present". The auditors made five priority 2 and three priority 3 recommendations and an action plan had been agreed with management to address the identified weaknesses.

The financial management follow-up AN07/18 audit was undertaken by Angus Council Internal Audit on behalf of FTF as part of the shared services agreement. It was a follow-up review of the financial management audit undertaken during 2016/17, which was reported to this Committee in August 2017. The 2016/17 Financial Management audit was designed to evaluate whether appropriate controls were in place and operating effectively to mitigate risks to the achievement of the control objectives: These objectives were outlined in Section 4 of the Report. The audit opinion was Category D – Inadequate – there was increased risk that objectives may not be achieved. Improvements were required to enhance the adequacy and/or effectiveness of risk management, control and governance.

Section 4 outlined the progress made towards completion of the actions identified in the 2016/17 Audit Report.

Councillor Bell thanked the Chief Finance Officer and Chief Officer for their support in terms of both the Integration Joint Board and in her role as Chair of the Integration Joint Board Audit Committee. She highlighted that there had also been the requirement to extend the meetings of the Audit Committee which reflected the challenging environment and willingness of members to actively participate in discussion.

The Committee agreed to note the Integration Joint Board Internal Audit Report key findings.

13. ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD ANNUAL ASSURANCES

With reference to Article 13 of the minute of meeting of this Committee of 19 June 2018, there was submitted Report No 245/18 by the Chief Executive, advising members of the IJB's 2017/18 Annual Governance Statement and Internal Audit Annual Report; and providing a draft letter of assurance from the Convener to Angus Integration Joint Board (IJB) for approval.

The Report indicated that Section 5 of the Council's draft Annual Governance Statement submitted for approval to this Committee on 19 June 2018 noted that the final Annual Governance Statement required to reflect the governance arrangements of the 'group' which, for the year to 31 March 2018, included Tayside Valuation Joint Board, Tayside Contracts, ANGUSalve and Angus Health and Social Care Partnership. The Report provided information on the governance arrangements in place for Angus IJB during 2017/18 and provided a letter of assurance from Angus Council to the IJB.

The Committee agreed:-

- (i) to note the contents of the Integration Joint Board 2017/18 Annual Governance Statement, attached as Appendix 1 to the Report;
- (ii) to note the contents of the Integration Joint Board 2017/18 Internal Audit Annual Report, attached as Appendix 2 to the Report;
- (iii) to note that there were no amendments required to the Council's Annual Governance Statement; and
- (iv) to authorise the Convener of this Committee to write to Angus Health and Social Care Partnership confirming the adequacy and effectiveness of the Council's governance arrangements in relation to the support services provided to Angus IJB, a copy of the proposed letter was attached as Appendix 3 to the Report.

14. HEALTH AND SOCIAL CARE STANDARDS

There was submitted Report No 246/18 by the Chief Executive advising members of the new Health and Social Care Standards published by the Scottish Government in 2017 which were designed to complement relevant legislations and best practice.

The Report indicated that the standards replaced the National Care Standards published in 2002. Appendix 1 to the Report had been presented for information to the Children and Learning Committee on 16 August 2018.

The Committee agreed:-

- (i) to note the revised Health and Social Care Standards; and
- (ii) to consider these revised standards in any future scrutiny activity that was undertaken in this area.

15. 2017/18 UNAUDITED ANNUAL ACCOUNTS

With reference to Article 7 of the minute of meeting of this Committee of 22 August 2017, there was submitted Report No 247/18 by the Head of Finance and Legal, outlining the Council's 2017/18 unaudited Annual Accounts and East of Scotland European Consortium 2017/18 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 Finance and Legal and his team on a draft basis and submitted to the Controller of Audit for audit purposes in accordance with the statutory deadline of 30 June 2018.

Appendix 1 to the Report included a summary of the Council's financial performance for the year which was an extract from the management commentary within the accounts.

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 on 10 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.

In summary, ESEC commenced the year with reserves of £68k. During the year there were contributions from members of £47k compared with expenditure of £69k, resulting in a deficit of £22k. As a result, ESEC concluded the year with reserves of £46k.

As noted the Annual Accounts for both organisations were prepared on a draft basis and were submitted to an External Auditor appointed by the Controller of Audit for independent review within the statutory timeframe. For the five-year period commencing with the audit of the 2016/17 accounts, Audit Scotland had been appointed as Angus Council external auditor. KPMG LLP (UK) were appointed as ESEC's external auditor for 2016/17, however this had transferred to Audit Scotland for 2017/18.

The ISA 260 Report for Angus Council would not be available until the audit work was complete. The findings from the audit work and the ISA 260 Report for Angus Council would be incorporated into the Annual Report to Members and this would be submitted to the Scrutiny and Audit Committee meeting on 25 September 2018. The Report would also be presented to Angus Council on 18 October 2018.

The ESEC audited Accounts and associated annual report incorporating the ISA 260 report would be presented to the ESEC Board at the end of October 2018 to fulfil its role in authorising the audited accounts for signature thus concluding the ESEC annual accounts process for the year.

The Service Leader, Finance provided an overview and highlighted several points.

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

- (i) to note the Angus Council 2017/18 Unaudited Annual Accounts; and
- (ii) to note the East of Scotland European Consortium (ESEC) 2017/18 Unaudited Annual Accounts.

16. ANNUAL COMPLAINTS REPORT – 1 APRIL 2017 TO 31 MARCH 2018

With reference to Article 12 of the minute of meeting of this Committee of 22 August 2017, there was submitted Report No 248/18 by the Chief Executive, highlighting the complaint statistics and satisfaction for 2017/18 and to update 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. During 2017/18, a total of 303 complaints were recorded as closed off during the year. Details of the analysis of key indicators for 2017/18 were outlined in Section 4 of the Report and a full copy of the indicators were attached as 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 were issued to all complainers within six weeks after the complaint had been closed. During 2016/17, 11 completed questionnaires were returned and the results were outlined in Section 5 of the Report.

The Chief Executive advised there required to be a minor amendment to the Report and confirmed that reference to 2016/17 should be replaced with 2017/18.

The Convener highlighted that in terms of Section 5 of the Report in that the number of completed questionnaires returned was minimal in comparison with the number of complaints recorded.

The Committee agreed: -

- (i) to note the key performance indicators on complaints closed between 1 April 2017 and 31 March 2018; and
- (ii) to note the results of the satisfaction survey sent to everyone who made a complaint which was closed during 2017/18.

17. COMPLAINTS UPDATE APRIL TO JUNE 2018

With reference to Article 13 of the minute of meeting of this Committee of 22 August 2017, there was submitted Report No 249/18 by the Chief Executive, highlighting the number of complaints received in the first quarter of 2018 and to update members on the action being taken to ensure the effectiveness of the complaints handling procedure along with the lessons learnt from these 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. During the first three months of 2018/19, a total of 68 complaints were recorded as closed off, 46 of these were service complaints and 22 investigation complaints and snapshots of these complaints were outlined in Sections 4 and 5 of the Report.

In terms of the target response times for both service and investigation complaints, the average response times exceeded the targeted timescales.

The Report also highlighted the number of compliments that had been received during the period. Compliments were received in writing, via facebook/twitter and by telephone. Examples of compliments were outlined in Section 7 of the Report.

The Chief Executive advised that the targeted response time for both service and investigation complaints exceeded the targeted timescales and indicated that this was an area that require to be improved upon. She highlighted that the investigation complaints, some of which were considered complex, were outwith the targeted timescales due to a number of reasons e.g. school holidays and for the collection of all necessary information.

The Committee agreed: -

- (i) to note the complaints closed between 1 April 2018 and 30 June 2018; and
- (ii) to note the learning from complaints identified by the Directorates

18. EXCLUSION OF PUBLIC AND PRESS

The Committee resolved, in terms of Standing Order 28(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.

19. INTERIM MANAGEMENT REPORT 2017/18

There was submitted Report No 250/18 by the Head of Finance and Legal presenting Audit Scotland's Interim Management Report which contained a summary of the key issues identified during the interim audit work carried out at Angus Council for the Committee's review.

The Report indicated that the audit work included testing key controls within the financial systems to gain assurance over the processes and systems used in preparing the Annual Accounts. A copy of the Report was attached as Appendix 1 to the Report.

Having heard from the Service Leader – Finance, the Committee agreed to note the contents of the Management Report.