

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 25 January 2018.

Present:

Councillor Stewart Miller (Chair)
Councillor Barbara Grant (Vice Chair)
Provost Jim Fletcher
Councillor Charlie Gilbert

Councillor Annette Ireland
Councillor David Macdonald
Councillor Jim Swift

Councillor Miller in the Chair

Attending:

Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Louise Pringle, Head of Business Change and Revenues; Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Ron Leitch, Committee Services Officer.

DECLARATIONS OF INTEREST

292. There were no declarations of interest intimated.

CHAIR'S REPORT

293. The following matters were discussed during the Chair's report:-

(i) Committee Membership etc

Councillor Miller welcomed Councillor Swift who had been appointed to the committee following the resignation of Councillor Aitken; and the Head of Accountancy who would be attending future meetings as an advisor.

(ii) Training and Related Issues

Under reference to the Minute of the meeting of 17 August 2017 (Page 92, Item 101 refers), when the value of training for all Elected Members on scrutiny related issues, including those who served on this committee, was discussed, Councillor Miller referred to the recent notification all Elected Members had received about forthcoming training for them in February and March on essential scrutiny skills, risk management and treasury management, encouraging as many as possible to attend these important sessions.

He reported that a further session was also being arranged on the roles of internal and external audit in mid to late April, clarifying that all Members would be contacted further about this in due course.

(iii) Specialisation Arrangements for Dealing with External and Internal Audit Reports

Under reference to the Minute of the meeting of 17 August 2017 (Page 92, Item 101 refers) when specialisation arrangements for dealing with various external and internal audit reports had been approved, Councillor Miller reiterated that although these arrangements had been put in place all members of the committee received copies of the reports and could raise issues about them, for example with those leading on them on behalf of the committee.

Arising from Councillor Aitken's resignation from the committee, it was proposed that Councillor Swift take over the remit he had held for Corporate and Community Services Department issues working with Councillor Macdonald. More generally, it was also proposed that the specialisation arrangements be reviewed after the summer to establish if there was considered to be a need to make any changes to them after their first full year of operation.

On a related issue, Councillor Miller reminded Members to complete and return to the Clerk the pro-formas she issued about such reports, confirming that immediately after feedback on the local position had been considered by the committee would be the ideal time.

(iv) Questions Relating to Reports

Councillor Miller referred to the wide range of reports submitted to the committee, commenting that there would be times when detailed work was being progressed when he would ask the Clerk to seek Elected Members' views on and collate lists of detailed questions they might wish to ask on specific issues.

More generally, having acknowledged that it may be the case that Members would only think of some questions on reports as they were under consideration at meetings, he highlighted that it would be helpful and ensure comprehensive feedback could be sought from and provided by officers at meetings if, after each agenda was issued, officers received advance notification of some issues Members might wish to raise. He requested that Members make both himself and the Clerk aware of any such issues as early as possible before the meetings to allow contact to be made with the relevant officers and help them prepare.

(v) Future Work to be Progressed by Committee

Councillor Miller advised Members that suggestions for future work to be progressed by the committee would be sought from them in the weeks ahead enabling a report on this to be considered at a future meeting. He explained that, meanwhile, Members of the committee had suggested that reports be sought on two issues, seeking agreement to do so.

In further clarification, regarding the Glasgow City Region City Deal, he reported that Councillor Swift had suggested seeking a report on some issues

relating to the allocation of responsibilities to staff, adherence to related procedures and associated pay issues in East Renfrewshire on which he held some potential concerns. Regarding gritting and some related concerns raised regarding the lack of gritting of some areas, he explained that Councillor Grant had proposed seeking a report on the position and how it was felt the service might be delivered in future.

The committee agreed:-

- (a) regarding the specialisation arrangements for dealing with external and internal audit reports, that Councillor Swift lead on Corporate and Community Services Department issues with Councillor Macdonald;
- (b) more generally that the specialisation arrangements be reviewed after the summer following their first full year of operation;
- (c) that a report be sought on issues relating to the allocation of responsibilities to staff, adherence to related procedures and associated pay issues in East Renfrewshire Council in relation to the Glasgow City Region City Deal;
- (d) that a report be sought on the current position on gritting and how the service might be delivered in future; and
- (e) otherwise, to note the report.

COUNCIL TAX COLLECTION

294. The committee considered a report by the Deputy Chief Executive providing details of a recent issue that affected Council Tax collection and an update on actions taken, both in response to the event and subsequently, to ensure that the issue would not be repeated.

The report commented on the Council's strong track record in Council Tax collection, associated payment methods and the long-established associated processes and procedures that were implemented by experienced staff and had been subject to regular audit in respect of which no issues had ever been highlighted. The report referred to the internal processing error that occurred in December resulting in Council Tax direct debit payments being taken from residents' accounts 6 days earlier than they should have been affecting 12,880 accounts. Reference was made to the related investigation and findings, how the issue was attributable to human error, and immediate and key actions taken to address the specific issue that had occurred. Reference was also made to the cause of the issue, lessons learned, and action being taken to prevent the issue from happening again. Related financial implications, potential consequences for customers and the next steps being taken were summarised. It was confirmed that the Council had apologised unreservedly for the error and would reimburse any bank charges incurred by residents as a result of it.

Having heard the Head of Business Change and Revenues comment on key aspects of the report, Councillor Miller referred to the potential financial impact on residents.

Responding to Councillor Grant who referred to the seriousness of the issue, commented on related assurances required and sought an update on the number of residents reporting they were in difficulty, the Head of Business Change and Revenues clarified that, to date, 33 contacts had been received by either Customer First or the Council Tax team, clarifying that no further requests for recompense had been received.

Having expressed the view that the matter had been taken seriously and welcomed the apology provided, Councillor Ireland asked if the software provider's original position on the date default issue referred to in report had changed. The Head of Business Change and Revenues explained that the supplier was unwilling to change this aspect of the system, but that other steps had been taken locally to prevent a recurrence of the error.

Provost Fletcher welcomed the steps taken regarding the issue that had occurred following which, supported by Councillor Macdonald, he questioned the need for as many as 5 Council Tax payment date choices to be offered each month, suggesting this increased the likelihood of errors and that further automation to reduce scope for human error would be helpful. Councillor Swift supported giving as many options as required to accommodate individuals' circumstances but exploring further automation also. The Head of Business Change and Revenues clarified that the 5 options were to accommodate as many residents as possible and help maximise the Council Tax collection rate regarding which the Council was ranked 3rd in Scotland, but undertook to discuss the suggestions with her team.

In reply to Councillor Macdonald, the Head of Business Change and Revenues referred to requests made to cover costs incurred and the cost of reimbursing residents. The Head of Accountancy confirmed that the additional interest accrued by the Council linked to the early receipt of the payments had been calculated to be £81 (approximately 0.6 pence per household), a conclusion having been reached that reimbursement of this amount to each household was not cost-effective.

Councillor Macdonald expressed the view that there were parallels between the issue under consideration and a matter the committee had discussed previously on creditors in terms of human error and a supervisory check failing to identify an issue, asking at what stage in this kind of circumstance action should be considered against staff. Issues referred to by the Head of Business Change and Revenues included the different team involved; the time the process followed had been in place; regular audits undertaken and the positive findings of these; aspects of the investigation and related issues; the experience of staff involved; the lack of a pattern of errors by individuals or the team; and the monitoring and performance management arrangements the Council had in place.

Having heard Councillor Miller welcome that Elected Members had been advised quickly of the issue, Councillor Macdonald referred to the impact such an incident could potentially have on an individual's credit rating and their ability to make other payments for example. Councillor Swift commented that although the incident had not impacted seriously on residents on this occasion it had had potential to do so, expressing the view that it had further damaged the Council's reputation and made it look less competent than it should. He referred also to the need for protocols to be followed, reiterating that reducing scope for human intervention could be helpful.

In reply to Councillor Swift, the Chief Auditor commented that all departments were looking at automation, that potential for some human error always remained which could be addressed to an extent by checks and, supported by the Head of Business Change and Revenues, that lessons for the future had been learned from both the creditors and Council Tax issues. The Head of Business Change and Revenues also referred to the types of

checks introduced; the greater focus placed until now on improving customers' experience on Council Tax payments; the update on creditors to be submitted to the next meeting; automation and digitalisation being pursued across departments and related complexities; and IT infrastructure and related interfaces and improvements on aspects of Council business.

In reply to Councillor Macdonald, the Head of Business Change and Revenues clarified the variety of methods employed by the Council to advise residents of the Council Tax situation and apologise for any inconvenience or problem caused, confirming that any individual who had made contact had received an individual apology.

The committee agreed to note the update on the recent issue with Council Tax collection and the steps taken in response.

NATIONAL EXTERNAL AUDIT REPORT - SELF-DIRECTED SUPPORT – 2017 PROGRESS REPORT

295. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Self-Directed Support – 2017 Progress Report* which under the committee's specialisation arrangements had been sent to Provost Fletcher and Councillor Gilbert for review. The Chief Officer, Health and Social Care Partnership (HSCP) had been asked to provide comments and a copy of her feedback was attached to the report.

Having referred to the 10-year Self-Directed Support (SDS) strategy introduced jointly by the Scottish Government and COSLA in 2010, related legislation giving councils responsibility from April 2014 for offering people four options on the management of their social care, and related issues, the report explained that Audit Scotland had published a report in 2014 on early progress on implementing the strategy and how ready councils had been for the Social Care (Self-Directed Support) Act 2013.

The aim of the follow-up audit had been to establish whether councils, integration authorities and the Scottish Government had made sufficient progress in implementing SDS to achieve its strategic aims. It had set out to answer 4 key questions regarding the implementation process, such as about what factors were supporting or impeding effective implementation of SDS. Having summarised the findings across Scotland and clarified that some of the recommendations made were for the Scottish Government and COSLA to implement, it was explained that the majority of recommendations were for authorities including Integration Joint Boards and HSCPs. A list of those recommendations and related local actions was attached to the report.

Referring to the national report, Councillor Grant, supported by Councillor Ireland, proposed seeking further local statistics on SDS for East Renfrewshire. The Clerk confirmed that she could seek this from the Chief Officer, HSCP. In addition, Councillor Grant acknowledged the challenges of recruiting and retaining social work staff referred to in the report.

Councillor Swift referred to a range of issues including discussions he had had with the Chief Officer HSCP several years ago and recently on SDS; levels of SDS locally which remained low but were improving and related issues and plans; and a local SDS group which was in place. Councillor Ireland welcomed that a SDS group was in place and that it provided a vehicle through which views could be expressed. Amongst other things, Provost Fletcher referred to the contribution those from other countries made to the provision of care; the importance of organisations engaged to provide care paying the Living Wage to help retain

staff; the implications for care costs associated with an ageing population; and the importance of SDS being more efficient and cost effective than other service delivery options.

The committee agreed:-

- (a) that the Chief Officer, HSCP provide further statistical information on SDS within East Renfrewshire and that it be circulated by the Clerk on receipt; and

- (b) to note the report, including the local position as detailed in Appendix 1 and related comments made.

INTERNAL AUDIT PLAN 2017/18

296. The committee considered a report by the Chief Auditor regarding progress made on the implementation of the 2017/18 Internal Audit Plan from 1 October to 31 December 2017. The report confirmed the number of reports issued during the quarter and that satisfactory management responses had been received in all cases, including regarding three recommendations which had not been accepted by management regarding which the explanations provided had been accepted. Reference was also made to the quarterly performance indicators (PIs) for the section.

Whilst presenting her report, the Chief Auditor highlighted that 2 of the PIs were not being met at present due to the impact of additional, unplanned audit work that had required to be carried out and also work associated with responding to a number of Freedom of Information requests. She added that effort would be made to address the position on the PIs in question and that she was not proposing to delete any planned audits at present. She referred to the audit report on creditors and associated management response she had provided since the last meeting and which had been circulated to the committee.

Having confirmed that 67% of planned contingency time for the year had been used, the Chief Auditor referred to internal audit work undertaken on a possible breach of contract procedures which resulted in Best Value not being achieved, lack of segregation of duties and lack of clarity of costs invoiced to the Council and how these agreed to contract rates. She clarified that the management response was due in 4 weeks which would be referred to further in due course. Having added that she was limited in what she could say about the findings at present as they might result in disciplinary action being taken, she referred to the risk categorisation into which the various recommendations made had fallen and the nature of some of the conclusions reached. She added that an anonymous allegation had also been received on an unrelated matter earlier in the week which was starting to be examined.

Having heard Councillor Miller remind Members that copies of audit reports could be requested, the Chief Auditor confirmed that she would send any such reports to the Clerk for circulation. Regarding the development of the next Internal Audit 5 year plan, she confirmed that she would seek views on it from Elected Members which was in keeping with past practice. More generally, she added that if the committee wished more or less detail in the reports she prepared and submitted to it she would be happy to be approached about and consider this.

The committee agreed to note the report and related comments made.

CHAIR