

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of Meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 6 April 2017.

Present:

Councillor Gordon Wallace (Chair)
Councillor Barbara Grant (Vice Chair)
Councillor Charlie Gilbert
Councillor Paul O’Kane

Councillor Gordon McCaskill
Councillor Tommy Reilly
Councillor Ralph Robertson

Councillor Wallace in the Chair

Attending:

Jim Sneddon, Head of Democratic and Partnership Services; Michelle Blair, Chief Auditor; Steven Reid, Corporate Policy Officer; Linda Hutchison, Clerk to the Committee; and Ron Leitch, Committee Services Officer.

DECLARATIONS OF INTEREST

2458. There were no declarations of interest intimated.

CHAIR’S REPORT

2459. The Chair reported, and it was noted, that there were no issues which he wished to bring to the committee’s attention at this time.

FUNDING FOR COMMUNITY AND VOLUNTARY GROUPS

2460. Under reference to the Minute of the meeting of 29 September 2016 (Page 2065, Item 2212 refers) when it had been agreed that the Head of Democratic and Partnership Services, in liaison with others as appropriate, should submit a progress report to the committee in 6 months on the implementation of the committee’s recommendations on funding for community and voluntary groups that had been accepted by the Cabinet, the committee considered a report by the Deputy Chief Executive providing an update on progress made.

Having clarified that several departments held budget responsibility for grant support to the community and voluntary sector, the report summarised progress made on a range of issues departments had progressed, but clarified that there were other matters on which further work still required to be completed. For example, further consideration was still being given to the recommendation on the establishment of some financial criteria for awarding grants.

Whilst commenting further, the Head of Democratic and Partnership Services outlined progress made on issues such as logging grant related issues on LAGAN. He also made reference to some arrangements that were expected to be implemented by the end of April 2017, commenting for example on weblinks to be published for each of the authority's grant funding streams; a summary of grants awarded to be published annually in April starting with the publication of figures for 2016/17 in April 2017; and a process to enable consultation to take place with Ward councillors on grant applications in excess of £500 which was being finalised.

Having heard Councillor Grant welcome the further development of grant related logging arrangements on LAGAN, whilst responding to questions, the Head of Democratic and Partnership Services clarified that the current grant application form required applicants to declare all funding streams secured regarding the project in question, and that organisations were often eligible to apply to different funding streams. He also confirmed that the Council continued to have arrangements in place which enabled unspent funds to be recovered by the authority, such as if the final cost of a project was less than estimated.

Councillor Wallace quantified the number of recommendations on which work still remained to be completed, expressed hope that they would be completed in the near future, and referred to the importance of transparency on grant issues, including how this was able to help safeguard the Council's reputation.

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

NATIONAL EXTERNAL AUDIT REPORT - HOUSING BENEFIT FRAUD INVESTIGATION LIAISON ARRANGEMENTS IN SCOTLAND

2461. The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Housing Benefit Fraud Investigation Liaison Arrangements in Scotland* which, under the committee's specialisation arrangements, had been sent to Councillors Wallace and Robertson for review. The Head of Business Change and Revenues had been asked to provide comments and a copy of her feedback was attached to the report.

The Head of Business Change and Revenues had commented on a number of issues including liaison, which was considered to be good, between the Council and the Department of Work and Pensions (DWP) Fraud and Error Service (FES) and related issues and challenges; work retained within the authority and the types of issues referred to FES; and an ongoing review of the Service Level Agreement between the Council and FES. Various opportunities and recommendations arising from the audit report that would be followed up were also commented on, such as in relation to the Housing Benefit Fraud Issues Progression Group, and placing a sharper focus on key performance indicators and the availability of management information in this area.

It was proposed that further clarification be sought from the Head of Business Change and Revenues on the costs and benefits associated with the transfer of 3.5 members of staff to FES in December 2015; and the type and extent of cases under £2,000 in value referred to the FES (non-criminal) compliance unit. Councillor Wallace welcomed the acknowledgement in the feedback to the further opportunities and recommendations to be followed up; and reference in the report to regular updates that would be given to the committee on reducing housing benefit fraud through reports it would receive periodically on the externally audited housing benefit risk assessment.

The committee agreed:-

- (a) that the Head of Business Change and Revenues provide further clarification on the costs and benefits associated with the transfer of the 3.5 members of staff to FES in December 2015; and the type and extent of housing benefit fraud cases under £2,000 in value referred to the FES (non-criminal) compliance unit; and
- (b) otherwise, to note the report and related comments made.

INTERNAL AUDIT STRATEGIC PLAN 2017/18 TO 2021/22

2462. The committee considered a report by the Chief Auditor on the Internal Audit Strategic Plan for 2017/18 to 2021/22 which included the proposed Annual Audit Plan for 2017/18. Comments were provided on staffing resources within the Internal Audit section and how these impacted on the implementation of the Plan.

The report explained that the Plan had been prepared following consultation with key partners and clarified, amongst other things, that new audits added included those on the Viridor waste management contract; carers legislation; and general data protection regulations. Audits deleted as they were no longer applicable or had low risk assessments included those on council house sales and cash for kids. It was confirmed that 20 audit days had been included in the Plan for providing an internal audit service to East Renfrewshire Community and Leisure Trust (ERCLT). The scope of the audits to be carried out was to be agreed at a later date, reports on which would be issued directly to the Chief Executive of the Trust.

Referring to audit needs compared to resources available, the report explained that over the 5-year period of the Plan there was a projected shortfall of 210 audit days which was considered manageable but would be kept under review. Some audits had been rescheduled to ensure those planned for 2017/18 could be met through the estimated days available and the section's current staffing level was considered adequate at present.

Whilst commenting on the report, the Chief Auditor referred to the National Fraud Initiative (NFI); the audit arrangements in place linked to the ERCLT and Health and Social Care Partnership Integration Joint Board; and a reduced provision made for fraud and general contingency related work in 2017/18 compared to 2016/17.

Responding to comments on resources within the Internal Audit section, the Chief Auditor confirmed that only one member of staff had still to reach maximum annual leave entitlement and clarified that some of her team had asked to purchase additional leave for 2017/18 in line with corporate policy on this. She reiterated that the projected shortfall in audit days was considered manageable, and confirmed that the number of days allocated for general and fraud contingencies in 2016/17 had not been fully used, even taking account of the additional work that had required to be done on the issue of payments to care providers.

The committee agreed to approve the Internal Audit Strategic Plan for 2017/18 to 2021/22.

REVIEW OF WORK PROGRESSED BY COMMITTEE SINCE 2012 AND SELF-EVALUATION

2463. Under reference to the Minute of the meeting of 19 January 2017 (Page 2187, Item 2351(ii) refers) when progress on the committee's self-assessment and the preparation of a report on its work during that past 5 years had been noted, the committee considered a report by the Clerk seeking approval of the report reviewing its activities from 2012 to 2017; and the observations and recommendations made by the committee arising from its self-evaluation.

Having commented on previous reports overviewing the committee's work, the report reiterated that in September 2016 it had been agreed that a further short report of this type be prepared covering 2012 to 2017, and referred to those involved in drafting the content, a copy of which was attached to the report for approval.

The report also referred to the further self-evaluation the committee had agreed to complete on its own effectiveness, commenting on associated issues, including a recommendation by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the value of such exercises; the approach adopted and questionnaire used recently by the committee; issues not reviewed in depth and why; and the issues covered in more depth. On the basis of the outcome, a list of observations and recommendations on matters where the committee considered there to be room to improve had been prepared, a copy of which was also attached to the report for approval to pass on to those appointed to the committee after the election and others as appropriate.

Whilst commenting further on the overview of the committee's past work, the Clerk reiterated that a main aim was to make the summary available to those elected in May, particularly those appointed to the committee, but that representatives of other authorities who had sought information on the local committee's approach had been amongst those who had appreciated such documents previously. Having clarified that the Chair had agreed to prepare a foreword and that the communications team would prepare the final format for publication, she summarised a few minor amendments to the draft which members of the committee had proposed. These were on its review of the Internal Audit Charter in 2016; the nature of its concerns on payments to care providers and the time and effort required on that work; and the committee's consideration of the call-in on the Eastwood Nursery Allotment wall and related recommendations made to and subsequently approved by Cabinet.

The Clerk also referred to the proposed list of observations and recommendations to pass on to those appointed to the committee after the election for consideration, citing examples of recommendations made such as on the committee and Internal Audit being made aware of any potentially serious control weaknesses timeously; scope to explore further how to get more input from stakeholders on potential issues to explore; and seeking feedback on issues progressed from its more detailed work.

Responding to Councillor McCaskill who commented on the extensive time it had taken from the call-in being considered about the temporary facility at Deaconsbank Golf Club in 2011 until the issue had been fully resolved, Councillor Wallace commented on the time it took to resolve some issues fully which had been attributable to a number of factors in this case, adding that this was not necessarily inappropriate at times to allow a situation to be satisfactorily concluded. Supported by Councillors Grant and O'Kane, he referred to the importance of the committee being independent of the Administration; adopting an appropriate, balanced and non-political approach; not abusing its position; and raising any issues felt warranted without being concerned about inviting officers and members to the committee to discuss issues. Councillor O'Kane referred to the important role all members of the Council had to scrutinise matters in pursuit of Best Value.

Whilst referring to the importance of the work undertaken by Internal Audit, Councillor Wallace reported that a member of the public had raised issues relating to the use of the Council's electric cars and taxis on which work had been carried out by the section recently. Supported by other Members of the committee, he proposed that the internal audit report prepared on the matter be submitted to a future meeting.

The committee agreed:-

- (a) to amend the report reviewing its activities from 2012 to 2017 as discussed at the meeting;
- (b) to authorise the Clerk, in liaison with the Chair, to fine-tune and finalise the report referred to at (a) above during the forthcoming weeks prior to the local government election;
- (c) that the internal report on the use of the electric cars and taxis be submitted to a future meeting when completed; and
- (d) to approve the list of observations and recommendations arising from the self-evaluation to pass to the new committee for consideration and others as considered appropriate.

VALEDICTORY REMARKS

2464. Having commented that this was the final meeting of the committee prior to the forthcoming Council election, Councillor Wallace thanked members of the committee for their support and contributions over the previous 5 years. Supported by other members, he also paid particular tribute to the work of the Clerk and the Chief Auditor and her team during the same period.

CHAIR

