

**MINUTE**  
**of**  
**AUDIT AND SCRUTINY COMMITTEE**

**Minute of Meeting held at 3.00pm in the Council Chamber, Council Headquarters, Giffnock on 19 January 2017.**

**Present:**

Councillor Gordon Wallace (Chair)	Councillor Tommy Reilly
Councillor Barbara Grant (Vice Chair)	Councillor Ralph Robertson
Councillor Charlie Gilbert	

Councillor Wallace in the Chair

**Attending:**

Louise Pringle, Head of Business Change and Revenues; Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Jennifer Graham, Committee Services Officer.

**Apology:**

Councillor Gordon McCaskill.

**DECLARATIONS OF INTEREST**

**2350.** There were no declarations of interest intimated.

**CHAIR'S REPORT**

**2351.** The following matters were discussed during the Chair's report:-

- (i) Treasury Management Strategy Report 2017/18

The Chair confirmed that a special meeting of the committee required to be convened during week commencing 30 January to consider the Treasury Management Strategy Report 2017/18 in advance of the Council meeting on 9 February. Various dates were proposed and considered.

- (ii) Self-Assessment and Report on Committee's Work

Under reference to the Minute of the meeting of 29 September 2016 (Page 2066, Item 2213 refers), when it had been agreed that a short, focussed report on key aspects of work undertaken by the committee since 2012 be prepared and that a further self-evaluation exercise be completed, in respect of the latter, the Chair reported that a summary of views had been drafted on the basis of feedback from members of the committee thus far and would be

circulated to them shortly for further review, comment and observations. He clarified that he had asked the Clerk to invite each member of the committee at the same time to identify a short list of issues they felt should be mentioned in the report being prepared on the committee's work since 2012.

(iii) Payments to Care Providers

Under reference to the Minute of the meeting of 29 September 2016 (Page 2062, Item 2209 refers), when progress made on the action plan resulting from the Internal Audit report on Payments to Care Providers had been noted together with wider improvements on financial control and governance, and it had been agreed that the associated follow-up Internal Audit report on Payments to Care Providers and related management response be submitted to a future meeting when available, the Chair reported that these would be submitted to the committee in March for consideration. He clarified that he had also asked the Clerk to circulate these to Members as soon as she had received copies from the Chief Auditor.

The committee agreed:-

- (a) that a special meeting of the committee be held on Thursday, 2 February at 3.00pm to consider the Treasury Management Strategy Report 2017/18;
- (b) that Members review the self-evaluation feedback collated to date and relay any further comments and views to the Clerk as soon as possible, together with their views on the main issues they wished referred to in the report overlooking the committee's work since 2012 to inform the final content of both; and
- (c) to note that the Internal Audit follow-up report on Payments to Care Providers and related management response would be submitted to the committee in March, copies of which would also be circulated to members of the committee prior to that as soon as they were received from the Chief Auditor.

## **INVOICE PAYMENTS IN EAST RENFREWSHIRE COUNCIL**

**2352.** Under reference to the Minute of the meeting of 10 November 2016 (Page 2107, Item 2264 refers), when it had been agreed that the Head of Business Change and Revenues submit a comprehensive update to this meeting on the current issues being addressed regarding payments to creditors and related action being taken, to include reference to the findings of the recent Internal Audit report on Payment of Invoices and related management action plan and when it was anticipated that payments to creditors within 30 days would be up to date, the committee considered a report by the Head of Business Change and Revenues providing an update on the improvements made on invoice processing arrangements.

Having referred to performance issues on invoices paid within 30 days, related reporting arrangements and the implementation of the Electronic Document Management System (EDMS), the report confirmed that the Creditors Team had transferred to Corporate and Community Services in February 2016 allowing a more project-focussed approach to be taken on addressing the invoice payment backlog. Having cited reasons for the backlog, outlined the position on related issues and referred to the Corporate Management Team's (CMT's) area of focus and support for pursuing improvement and adherence to the 'golden

rules' for ordering and invoicing, the report clarified that an interim manager, succeeded by a permanent one, had been appointed to help address issues. Three projects deemed initial priorities were itemised, which included implementation of the EDMS.

Regarding the current position, the report provided updates on the priority projects and project focus taken. The number of invoices processed annually and backlog at the stage when the service transferred to Corporate and Community Services were quantified, with reference made to related matters including a focus placed on preventing new invoices from becoming aged over 30 days and reducing the number of older invoices; good progress made; and the targeting of further reductions.

In the course of discussion regarding the national performance indicator (PI) on invoice payments concerns were expressed that it was not calculated on a like for like basis across authorities and there was an expectation that the PI would change for 2017/18. Two Internal Audit reports on invoice payments and the related findings and action plans being implemented were referred to. Issues relating to these included a default position adopted regarding the date of invoice receipt as the basis for calculating the PI, and that the Council's PI figure for 2015/16 was neither accurately represented nor reliable on which basis the figure would not be reported to the Improvement Service. It was reported that performance information for the first half of 2016/17 would also be affected until the aged invoice backlog was cleared and that a focus had been placed on improving performance for the second half of that year.

Seven projects in the invoice payment improvement programme were itemised together with their related aims and an update on progress, in respect of which regular reports were being submitted to the CMT.

In conclusion, the report stated that the central delivery of invoices to a single section in the Council was considered a key benefit of current work, clarifying in more detail why this was considered to be the case. It was highlighted that the work programme undertaken had been more complex than expected with progress slower than hoped, but that real progress was now being made, the aim being to see improved performance statistics towards the end of the financial year.

Whilst commenting further on the report, the Head of Business Change and Revenues referred to the types of issues being addressed such as lost invoices and invoice dating and stamping issues, the challenging nature of the changes being made and frequency of related meetings. She also commented on the centralisation of invoice delivery to the Creditors Team from mid-January 2017 and related benefits and issues, in advance of which the EDMS had required to be put in place. She explained that, if deemed acceptable, later in January it was hoped to move away from a default position adopted for date of receipt of invoices of invoice date plus two days to the date of scan. The Head of Business Change and Revenues also commented on various on-going projects, including a full review of Purchase 2 Pay processes and e-invoicing.

Whilst responding to a range of questions, the Head of Business Change and Revenues provided a further update on the quantity of invoices to be processed, both aged and otherwise, commented on related issues including the PI, and explained that it was still difficult to determine how long it would take to address fully the issues identified. She clarified that additional resources had been provided to progress issues such as through the use of overtime, use of the Modernisation Fund and redeployment of some officers. She also provided further clarification on the reasons why invoices became aged, citing specific examples to illustrate this further.

In response to Councillors Robertson and Wallace, the Head of Business Change and Revenues clarified that invoices were expected to be paid within 30 days and that, although there was no longer a service standard on paying invoices from small businesses within 10 days, efforts were made to pay such organisations more quickly than 30 days where possible. Reference was made to legislation relating to the late payment of invoices and related liabilities. Other issues commented on included the date-stamping of invoices, purchase order numbers, goods receipting, disputed invoices and some issues with care providers and their organisation of related paperwork.

Councillor Wallace referred to the issues that remained to be addressed by the Creditors Team in the months ahead and the progress reported, adding that this was in the right direction although challenges remained. Having heard Councillor Grant refer to the reorganisation of services, a consequence of which had been that a single Finance Department no longer existed within the Council, related issues were commented on including the associated need there had been to identify savings, such as the one relating to that, and work involved across the Council to balance income and expenditure.

The committee, having heard the Head of Business Change and Revenues advise that an update on the processing of invoices would be provided in due course in the end of year performance report submitted to the Cabinet, agreed:-

- (a) to revisit the issue, in future, if considered necessary; and
- (b) otherwise, to note the report and comments made.

## **NATIONAL EXTERNAL AUDIT REPORT – SOCIAL WORK IN SCOTLAND**

**2353.** The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Social Work in Scotland* which under the committee's specialisation arrangements had been sent to Councillors Grant and Reilly for review. The Chief Officer, Health and Social Care Partnership had been asked to provide comments and a copy of her feedback was attached to the report.

It was explained that the national report had commented on significant challenges facing social work services, including financial pressures, demographic changes, and the cost of implementing new legislation and policies, some additional funding having been provided to Integration Joint Boards (IJBs) via the National Health Service to partially relieve the financial pressures encountered. Reference had also been made to strategies adopted by councils to achieve savings, such as the tightening of eligibility criteria for services and savings made on homecare and care home costs through competitive tendering and national care home contract, and related challenges as well as the sustainability of these approaches requiring fundamental decisions to be made on long-term funding and future social work service models. Whist commenting on a limited shift to more prevention and different models of care throughout Scotland, it was highlighted that East Renfrewshire and West Lothian had been cited in the national report as two areas with a strong focus on prevention. It was highlighted that there should be more scope for councils and IJBs to work more closely with people who use social work services and carers in the design, commission, delivery and evaluation of services to achieve better outcomes.

Whilst commenting on the complexity of governance arrangements associated with the integration of health and social care services, reference was made to the important leadership and scrutiny roles of Elected Members, related training and guidance, the changed role of the Chief Social Work Officer, and scope for councils and community planning partners to do more to promote and empower communities.

Reference was made to recommendations within the national report on social work strategy and service planning; governance and scrutiny arrangements; workforce; and service efficiency and effectiveness, the majority of which were for both councils and IJBs, but a few of which were for councils only. An overview of the recommendations and the position of the Health and Social Care Partnership relative to these was appended to the report. It was also highlighted that Audit Scotland had encouraged councils and IJBs to have a wide-ranging debate with communities about the long term future of social work and social care in their area; and recommended that they work both nationally and locally to review how social work services were provided in future, discuss future funding arrangements and develop long term strategies.

The committee, having heard Councillor Reilly and Councillor Grant comment on the increasing challenges faced by all local authorities in the light of finite resources, noted the report.

### **INTERNAL AUDIT PLAN PROGRESS REPORT**

**2354.** The committee considered a report by the Chief Auditor regarding progress made on the implementation of the 2016/17 Internal Audit Plan from 1 October to 31 December 2016. The report confirmed the number of reports issued during the quarter and that satisfactory management responses had been received in all cases. Reference was also made to the quarterly performance indicators for the section.

During discussion and in response to questions, the Chief Auditor commented on various elements of audit work, including good progress made on implementing the whole plan and her intention therefore to bring forward an audit on kinship, fostering and adoption from the 2017/18 plan to the current year. Having commented on an audit on payroll and creditors payments and related findings, she also indicated her intention to use some unused contingency time to progress further audit work within the current year on secondments.

Regarding the findings of audit work carried out on creditors' payments, the Chief Auditor provided further information on some duplicate payments identified and related issues, including recovery of the payments and problems with a system that helped identify potential duplicate payments which had not been working properly for a period of time but was now operational again. She advised that two issues had been raised in terms of fraud and irregularity, one of which was the subject of on-going work in respect of which a further update would be provided in due course.

The committee noted the report and comments made.

CHAIR

