

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

**Minute of Meeting held at 2.30pm in the Council Chamber, Council Headquarters, Giffnock on 10 April 2014.**

**Present:**

Councillor Gordon Wallace (Chair)	Councillor Paul O’Kane
Councillor Barbara Grant (Vice Chair)	Councillor Tommy Reilly
Councillor Charlie Gilbert	Councillor Ralph Robertson
Councillor Gordon McCaskill	

Councillor Wallace in the Chair

**Attending:**

Louise Pringle, Head of Customer and Business Change Services; Jackie Martin, Corporate Business Manager; Laurence Christie, Cleansing, Parks and Waste Strategy Manager; Lyall Rennie, Acting Principal Environment Officer (Waste Strategy); Stephen Ward, Waste Strategy Officer; Michelle Blair, Chief Auditor; Linda Hutchison, Clerk to the Committee; and Ron Leitch, Committee Services Officer.

**Also Attending:**

Liz Maconachie, Audit Scotland.

**DECLARATIONS OF INTEREST**

**1013.** There were no declarations of interest intimated.

**CHAIR’S REPORT**

**1014.** The following matters were discussed during the Chair’s report:-

(i) Liaison with Other Areas on Scrutiny Issues

Under reference to the Minute of the meeting of 27 February 2014 (Page 902, Item 947(ii) refers) when it had been noted that members of Renfrewshire Council’s Audit, Scrutiny and Petitions Board were to visit East Renfrewshire to discuss scrutiny issues, on behalf of the committee Councillor Wallace welcomed the delegation from Renfrewshire Council with whom useful discussions had taken place prior to the meeting and who had stayed to observe the formal meeting.

(ii) Audit Scotland Report – Scotland’s Public Sector Workforce

Under reference to the Minute of the meeting of 27 February 2014 (Page 904, Item 949 refers) when it had been agreed to seek additional clarification on various workforce related issues, Councillor Wallace confirmed that most of the information requested had been provided quickly and circulated. Regarding the committee’s wish to determine whether or not the Council made greater use of consultants now compared to the period before that covered by the national report, he referred to complications associated with determining this easily linked to the fact that charges could be coded in the ledger not only under consultants, but also other codes that would need to be determined. Having highlighted the importance of departments knowing consultant related expenditure, particularly in the context of the loss of experienced officers, he referred to the potential scale of work required to determine the retrospective costs sought by the committee, particularly for a period covering several years, and sought views on how best to proceed.

During detailed discussion the need for the committee to specify further what type of consultant related expenditure costs they were seeking was commented on, as was the potential cost of officer time to gather retrospective information covering several years. It was proposed that members of the committee reflect further on the definition of “consultant” they wished to use, that retrospective costs for the financial year 2013/14 only be requested, and that departments be asked also to record consultant expenditure incurred during the 2014/15 financial year and provide this at the year end for circulation to the committee.

(iii) Deaconsbank Golf Club

Under reference to the Minute of the meeting of 27 September 2012 (Page 185, Item 194 refers) when the Head of Environment (Planning, Property and Regeneration) had provided an update on ongoing discussions with David Lloyd Leisure on Deaconsbank Golf Club, related consultation within the Council and the need for action if an acceptable way forward could not be found, Councillor Wallace reported that at the time he had commented that the lack of progress on this was difficult for the committee when it had upheld the Cabinet’s decision of 27 October 2011 on the facility, anticipating that the situation would be resolved shortly after that. He added that from first hand observation of the site it did not appear that a way forward had been found and proposed that an update on the current position be requested for consideration at the next meeting.

The committee agreed:-

- (a) against the background of the loss of experienced officers over time, to seek feedback from departments on consultant costs incurred during the 2013/14 financial year and request that they record such expenditure incurred during 2014/15 and provide this to the Clerk at the end of the current financial year for circulation to the committee;
- (b) in respect of (a) above, that the Chair, in consultation with other members of the committee, finalise the definition of consultant to be used for the above purposes;

- (c) that the Head of Environment (Planning, Property and Regeneration) submit a report to the next meeting on progress on the issue of the temporary clubhouse at Deaconsbank Golf Course; and
- (d) otherwise, to note the report.

## REVIEW OF STRATEGIC RISK REGISTER

**1015.** Under reference to the Minute of the meeting of 26 September 2013 (Page 688, Item 729 refers), when an update on the Council's strategic risk register had been noted, the committee considered a report by the Chief Executive providing the most recent biannual update of the register. The register, a copy of which was attached to the report, itemised key risks that required to be considered and actions put in place to manage these. As well as additions having been made to the register, several risks had been amended to include additional control measures, and risks had been rescored for significance. Risks identified by Audit Scotland in the Assurance and Improvement Plan had also been incorporated. The register continued to align with the Council's key outcomes as contained in the Single Outcome Agreement (SOA) and the internal and external business environments, whilst also reflecting corporate risks associated with the Council's strategic change and reform agenda and those inherent in its day to day business.

In response to questions, the Corporate Business Manager clarified the position and commented on various issues including additional funding that it was anticipated would be received from The Scottish Government to fund free school meals for all P1 – P3 pupils; the potential withdrawal of several councils from COSLA and possible implications; and how insurance claims, complaints and reports from the public on potholes were amongst issues considered when determining related risks scores. She also commented on the risks of reduced central government funding and related implications, the risk associated with economic difficulties and welfare/benefits legislation, and in general terms the Budget Strategy Group's (BSG) role in reviewing the affordability of service provision. In response to further questions, she also referred to ongoing discussions between Education and the CHCP on the extended provision of early learning and childcare to certain 2 year old children by August 2014 and related risks, and why the risk score on the potential lack of an appropriately skilled workforce had increased to medium.

In response to Councillor Wallace, the Head of Customer and Business Change Services commented on the information provided on the level of complaints received about Eastwood Leisure Centre facilities compared to leisure services related information within the Local Government Benchmarking Framework: 2012-13 Performance report considered earlier in the day by the Cabinet. She clarified that various datasets were considered when determining risk scores including benchmarking data and the Citizen's Panel results, commented on the wording of questions posed to the Panel and how some had changed over time, and clarified that Citizen's Panel data was amongst a range of information reviewed collectively and in a balanced way when considering future service provision.

Responding to Councillor Wallace who commented on information that had been provided on complaints, the importance of transparency and the lack of ready access to more detailed information on complaints by individual councillors and the committee, the Head of Customer and Business Change Services confirmed that following changes to the complaints handling process, the LAGAN system for recording complaints had been updated, that every department had now received a detailed complaints report, and that as part of year end reporting each department had been asked to identify and report on key improvement actions relating to complaints which would be included in end year reports to Cabinet.

Having referred to reports currently prepared on complaints at both a high and detailed level, the Head of Customer and Business Change Services commented that it would be useful if reports with information between these levels could be generated automatically by the system which would take time to consider and develop, clarifying that the complaints handlers network would discuss this further. She undertook to provide further feedback on this in due course. Reference was also made to developments on the Members' Portal.

The committee agreed:-

- (a) to note that, in due course, the Head of Customer and Business Change Services would provide further feedback on complaints for circulation to members of the committee to complement a range of information already provided on this issue; and
- (b) otherwise, to note the report.

## **COMMERCIAL WASTE SERVICE**

**1016.** Under reference to the Minute of the meeting of 16 January 2014 (Page 855, Item 899 refers), when it had been agreed that the Cleansing, Parks and Waste Strategy Manager provide an update to this meeting on the commercial waste management service with particular reference to the implementation of the Waste (Scotland) Regulations 2012, Councillor Wallace welcomed Laurence Christie, Cleansing, Parks and Waste Strategy Manager; Lyall Rennie, Acting Principal Environment Officer (Waste Strategy; and Stephen Ward, Waste Strategy Officer and invited them to give a short presentation on the current position on the commercial recycling service.

Having referred to the situation which had existed for businesses and the Council prior to the implementation of the Waste (Scotland) Regulations 2012 on 1 January 2014, the Cleansing, Parks and Waste Strategy Manager explained the changes which had been introduced by the new Regulations which included placing a requirement on businesses to segregate recyclable materials from general waste. He also referred to the need for them to present food waste for separate collection and to ensure that waste was disposed of as intended through the use of a registered waste carrier, clarifying that the Council was not responsible for businesses that failed to comply with the Regulations although Environmental Health Officers could inspect the arrangements made by such businesses.

The Cleansing, Parks and Waste Strategy Manager then outlined the challenges facing the Council's Cleansing Service including the need to continue to provide an existing general waste collection service to both internal and external customers; to provide existing customers with a package for dealing with recycle waste collection to meet their legal obligations; and to educate customers on their legal responsibilities. Reference was made to the scope of work undertaken by the council on the commercial recycling service and the basic aims of the service which were to offer an attractive package to the existing customer base; absorb its new service using current resources; and provide an easy transition for customers. Having referred to obstacles encountered, work progressed to overcome these was summarised which included visiting customers to explain the impact of the new Regulations; offering a free recycling collection to customers with over 500 litres of general waste capacity per week; and offering existing customers a free recycling permit to allow them access to the Council's commercial recycling centre.

The Cleansing, Parks and Waste Strategy Manager concluded by referring to the intention to monitor implementation of the new service over the first year and reappraise it as agreed by the Cabinet on 7 November 2013. He welcomed that it had been agreed not to increase charges by 5% and to allow the service to try and test different approaches in the first year of operation which was regarded as a transition period. It was clarified that dependent on monitoring results, a marketing plan would be considered to seek further business and, referring to an issue raised by the committee previously, liaison with private sector partners and potential partners would continue where appropriate in the interests of seeking best value.

During discussion and in response to questions and comments from Members, clarification was provided on a range of issues including, amongst others, bin options offered to businesses and related charges and issues such as problems some had finding a place for these; the approach of Environmental Health Officers in different authorities in terms of monitoring and some variation in this; educating businesses on their responsibilities and related benefits; and enforcement related issues. Reference was also made to the need to not only listen to business needs but also to consider the efficiency and carbon footprint of the Council's service. In response to further questions, costs charged by the Council compared to private sector contractors and related issues were commented on; as was the recycling arrangements made by large companies with outlets across the country which the Council did not deal with; and wish to continue to deliver the service within existing resources if possible.

**Sederunt: Councillor Grant left the meeting at this point.**

The committee, having heard Councillor Wallace thank the officers for their interesting and informative presentation and the clarification provided, agreed:-

- (a) to note the position; and
- (b) that the committee's interest in the commercial waste management service was concluded.

**EAST RENFREWSHIRE COUNCIL ANNUAL AUDIT PLAN 2012/13**

**1017.** The committee considered a report by the External Auditor regarding the 2013/14 Annual Audit Plan. The report referred to the approach adopted by Audit Scotland to discharge its responsibilities as External Auditor to the Council.

The Annual Audit Plan summarised planned audit activity. This included an audit of financial statements and providing an opinion on whether or not they gave a true and fair view of the financial position of the Council as at 31 March 2014 and its income and expenditure for the year ending 31 March 2014, and also whether or not the accounts had been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2013 Code of Practice on local authority accounting in the United Kingdom. Planned work also included an audit of the financial statements and provision of an opinion for the charitable trusts where the local authority was the sole trustee; reporting the findings of Audit Scotland's shared risk assessment process in an Assurance and Improvement Plan Update; and a review and assessment of the Council's governance and performance arrangements in various key areas including a review of selected internal control systems; the adequacy of internal audit; targeted follow up of national studies; and arrangements for reporting statutory performance indicators. Remaining activity would include providing an opinion on various

grant claims and returns including the Whole of Government Accounts and a review of National Fraud Initiative arrangements. The position on audit issues and risks was summarised.

Appended to the report were the Summary Assurance Plan, the Financial Statements Audit Timetable, details of the Audit Team, and a statement on the independence and objectivity of the External Auditor.

During further explanation, Ms Maconachie drew attention to the summary of planned audit activity, the list of audit issues and risks within the report including those relating to carbon allowances and common good, the Assurance and Improvement Plan Update, and reliance to be placed on various aspects of the Chief Auditor's work to avoid duplication and optimise the use of available audit resources.

In response to questions, Ms Maconachie clarified that the steps the Council was taking to collect rent arrears would be kept under review, and various issues relating to the carbon allowances the Council was planning to buy for offsetting against future years CO2 usage the accounting treatment of which would be reviewed as part of the audit work on financial statements. Responding to Councillor Wallace who asked if any audit work had been done on accountability for community grants in other local authorities, she undertook to ascertain if anything was available on this.

The committee, having heard Councillor Wallace thank Ms Maconachie and the rest of the Audit Scotland team and commend officers within the Finance service for their efforts in assisting the External Auditor throughout the year, noted:-

- (a) that the External Auditor would provide feedback on accountability issues relating to community grants in some other local authority areas if available for circulation to members of the committee on receipt;
- (b) the Annual Audit Plan 2013/14; and
- (c) that the annual discussions between the committee and External Auditor on issues relating to the Council's Annual Accounts prior to their certification based on International Standard on Auditing 260 would take place at a meeting of the committee on 25 September 2014, subject to this date being agreed by the committee later in the meeting (see Item 1018 below).

## **EXTERNAL AUDIT REPORT – RESHAPING CARE FOR OLDER PEOPLE**

**1018.** The committee considered a report by the Clerk on the publication by Audit Scotland of a report entitled *Reshaping Care for Older People (RCOP)* which, under the committee's specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Grant and Reilly for review. The Head of Health and Community Care had been asked to provide comments and a copy of his feedback was attached to the report.

The feedback explained that the Audit Scotland report had made a number of observations and recommendations, highlighting that RCOP was a complex and challenging programme which required the management of new interventions and relationships alongside more traditional services, as partners moved towards different models of care and support. Reference was made to various issues in respect of the local position and where experience was more positive than that reported in the national report. The national report had contained a National Audit Findings Framework. A local evaluation against the associated

self-assessment checklist had been completed and was attached to the report, in addition to which a number of positive features of local experience in terms of culture change, partnership working, co-production and evidence of impact were highlighted. The feedback concluded that significant progress had been made locally since the commencement of the RCOP programme; that there were substantial challenges ahead; but that there was much good practice and positive work to build on in moving forward.

The committee, following a brief discussion, agreed to note the report.

### **INTERNAL AUDIT STRATEGIC PLAN 2014/15 – 2018/19**

**1019.** The committee considered a report by the Chief Auditor on the Internal Audit Strategic Plan for 2014/15 to 2018/19 which included the proposed annual audit plan for 2014/15. Comments were provided on staffing resources within the Internal Audit section and how these impacted on the implementation of the plan.

Referring to the formulation of the plan, the Chief Auditor explained that it had been prepared following consultation with key partners, referred to audits that were no longer to be pursued in 2014/15 and reasons for this, and clarified that some new audits had been added for that year including in respect of Health and Safety and Property and Technical Services contracts. Others audits to be undertaken included complaints monitoring and the local government benchmarking framework. Referring to audit needs compared to the resources available, she confirmed that over the five year period of the plan, there was a projected shortfall of approximately 334 audit days equating to approximately 67 days per annum which she considered to be manageable but which she would keep under review. She concluded by reiterating that the aim was to audit all identified areas for audit at least once within a 5 year period, and that the frequency of audit within that 5 year period would be based on the assessed risk of each area.

Responding to Councillor McCaskill, the Chief Auditor explained that the vacant post within her team had existed for about 3 years, referred to related recruitment and training issues, and confirmed that the post was not being filled for the time being but that the position would be kept under review.

The committee agreed to approve the Internal Audit Strategic Plan for 2014/15 to 2018/19.

### **DATES OF FUTURE MEETINGS**

**1020.** The committee considered a report by the Clerk seeking approval to change the dates of the meetings of the committee scheduled to take place on 2 October 2014 and 1 October 2015 to 25 September 2014 and 24 September 2015 respectively to allow reports on matters arising from the audit of the Council's financial statements, reported under International Standard on Auditing (ISA) 260 and through which issues on the Annual Accounts had to be discussed prior to certification, to be considered before the end of September each year.

The committee agreed to reschedule the meetings as proposed.

