

Audit and Scrutiny Committee - 27 March 2018

Present

Marie Burns, Margaret George, Joy Brahim and Donald Reid.

In Attendance

L. Friel, Executive Director, P. Doak, S Hanif, (Finance and Corporate Support); J. Butcher, Executive Director (Education and Youth Employment); S. Brown, Executive Director (North Ayrshire Health and Social Care Partnership); G. Mitchell, Transport Manager A Cowley, Team Manager (Structures, Flooding and Design) (Place); A. Fraser, Head of Democratic Services and A. Little, Committee Services Officer (Chief Executives).

Also in Attendance

P. Kenny, Deloitte

Chair

Councillor Burns in the Chair.

Apologies

Tom Marshall and John Sweeney.

1. Declarations of Interest

There were no declarations of interest by Members in terms of Standing Order 10 and Section 5 of the Code of Conduct for Councillors.

2. Minutes

The Minutes of the meeting of the Audit and Scrutiny Committee held on 30 January 2018 and the special meeting held on 6 March 2018 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

3. Operational Budget Management in the Health and Social Care Partnership

Submitted report by the Executive Director (Finance and Corporate Support) on (a) the review of financial management within the Health and Social Care Partnership (HSCP) undertaken by the Council's Head of Finance and reported to the Integration Joint Board Performance and Audit Committee on 8 March 2018; (b) the key findings from the review that were outlined at 2.2 of the report; (c) the actions outlined to address the weaknesses identified and establish a more robust financial accountability framework supporting the HSCP to deliver services within budget.

Members asked questions and were provided with further information in relation to:-

- The obligation of the IJB to deliver services within its allocated budget and the actions being taken by the HSCP to strengthen financial management and accountability;
- The responsibility of Senior Managers to sign off key risk areas, such as care packages and residential school placements, until training for all budget holders has been completed and the projected spend is controlled; and
- A further report that will be presented to the Committee in May 2018 to provide assurances in relation to the financial framework for the HSCP to ensure it starts 2018/19 with a clear understanding of its budgets, savings and pressures, supporting delivery of service within the agreed financial envelope.

The Committee agreed to (a) note (i) the findings of the review; and (ii) the action being taken by the Health and Social Care Partnership to strengthen financial management and accountability; and (b) consider an update report at the May meeting.

4. Early Years and Childcare Expansion

Submitted report by the Executive Director (Education and Youth Employment) on (a) the Audit Commission's report on the expansion of early learning and childcare in Scotland, which highlighted significant risks surrounding the Scottish Government's ambition to increase Early Learning and Childcare (ELC) from 600 hours to 1140 hours by 2020; (b) the recommendations of the Audit Commission for the Scottish Government and local authorities on the expansion of ELC in Scotland; (c) the Council's response to the six recommendations for Councils; and (d) a report that will be presented to a future meeting of Cabinet on the expansion proposals and Scottish Government funding arrangements.

Members asked questions and were provided with further information in relation to:-

- The take up of ELC in the pilot areas that is predominately from local parents;
- The provision of high quality care in Early Years Centres and schools and childminders and day carers, to ensure a positive impact on children's outcomes; and
- Work that took place with other local authorities and the Scottish Government Delivery Group to develop the delivery model and staffing model for North Ayrshire which adheres to the Scottish Government direction in its capital and infrastructure planning to maximise the use of existing assets.

The Committee agreed (a) that the Executive Director (Education and Youth Employment) provide an update report to the Committee, following consideration by Cabinet of a report outlining the expansion proposal and Scottish Government funding arrangements; and (b) to otherwise note the report.

5. Development for Councillors

Submitted report by the Chief Executive on the development provided to Councillors over the last year. Appendix 1 to the report provided details of (a) the Development Programme from January to May 2017, the Welcome Programme following the May 2017 election, training attended by Members of the Council's Regulatory Committees and the development programme from August to December 2017.

Members asked questions and were provided with further information in relation to consideration that will be given to consolidating training session into one session to lessen the need for Members to attend on various different days and holding sessions later in the day to make is easier for all Members to attend;

The Committee provided feedback on the development that had been provided, which included:-

- An examination of how to present information on attendance at training to make it clear that only Members of regulatory committees had been required to attend mandatory training in these areas and that the other Members had not been required to attend;
- Issues for Members in attending the high volume of training in the first weeks following election, albeit candidates had been advised in advance of the training programme and Member attendance at the Welcome Programme was significantly higher than at other times;
- While training was often on a Monday to avoid clashes with Committees, a number of Members work on that day and face difficulties in getting time off work for a single training session. It would be helpful to vary the days and time of training;
- Consideration should be given to the purpose and importance of the training or briefing in timetabling it; and
- Discussions that should take place between the Chief Executive and Group Leaders to resurrect the proposal for Policy Boards, which could be brought forward as part of the annual review of governance documents.

Noted.

6. External Audit Plan 2017/18

Submitted report by the Executive Director (Finance and Corporate Support) on the External Audit plan for 2017/18, attached at Appendix 1, which summarised Deloitte LLP's assessment of the key risks and challenges facing the Council and the audit work proposed in the 2017/18 financial year.

Members asked questions and were provided with further information in relation to:-

- Responsibility for the IJB deficit and where this will show in the NHS or Council balance sheet; and
- That the Council needs to be confident in recovery of the £3.5m deficit from the IJB when closing the accounts for 2017/18.

Noted.

7. Internal Audit Reports Issued

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of Internal Audit work completed between 1 January and 28 February 2018. Appendix 1 to the report provided details of five audit assignments, together with their respective executive summary and action plans.

Members asked questions and were provided with further information in relation to:-

- The small number of people who had access to the BACs system that has been further reduced to three members of staff;
- That all actions have now been completed in respect of the BACs system, with the exception of (q);
- Assurances that have been sought from Capita in respect of their access controls for the BACs system used to process Accounts Payable BACs files;
- A recent full inspection by Audit Scotland and a separate audit that is being undertaken on Pupil Equity Funding; and
- The response provided by Kilwinning Academy to the action requiring cash to be counted by office staff prior to being accepted and receipted and further details that will be provided to the Committee on this response.

The Committee agreed (a) to note the outcome from the Internal Audit work carried out during the period; and (b) that the Senior Manager (Internal Audit, Risk and Fraud) provide further information on the response by Kilwinning Academy in respect of Action (d) to Members.

8. Internal Audit and Corporate Fraud Action Plans: Quarter 3 Update

Submitted report by the Executive Director (Finance and Corporate Support) on the progress made in implementing the agreed actions from the Internal Audit and Corporate Fraud report as at 31 December 2017. Full details of the 11 actions that were not completed within the agreed timescales were provided at Appendix 1 to the report.

Noted.

9. Internal Audit Plan 2018/23

Submitted report by the Executive Director (Finance and Corporate Support)

on the proposed Internal Audit Plan for 2018 - 2023. The report contained the full list of auditable areas and an indicative programme of work for Internal Audit for the 5-year period from April 2018 to March 2023 at Appendix 1 to the report. Appendix 2 set out the detailed audit plan for 2018-19 and indicated which quarter of the financial year it is intended to commence each audit.

Members asked questions and were provided with further information in relation to:-

- The examination of relevant legislation, guidance and policies that is undertaken as part of an audit to ensure compliance; and
- An audit that is currently underway in respect of social media.

The Committee agreed to (a) approve the Internal Audit Plan for 2018/19; (b) note the indicative programme for 2019/23; and (c) the indicators and targets as outlined in 2.6 of the report.

10. Ayrshire Valuation Joint Board

Submitted the Minutes of the meetings of the Ayrshire Valuation Joint Board held on 5 September 2017 and 9 January 2018.

Noted.

11. Exclusion of the Public

The Committee resolved in terms of Section 50(A)4 of the Local Government (Scotland) Act 1973, to exclude from the Meeting the press and the public for the following item of business on the grounds indicated in terms of Paragraph 1 of Part 1 of Schedule 7A of the Act.

11.1 Corporate Fraud Reports Issued

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of Corporate Fraud investigations completed between 1 January and 28 February 2018.

Noted.

The meeting ended at 11.30 a.m.