

Audit and Scrutiny Committee  
14 November 2017

**Irvine, 14 November 2017** - At a Meeting of the Audit and Scrutiny Committee of North Ayrshire Council at 10.00 a.m.

**Present**

Marie Burns, Margaret George, Joy Brahim, Alan Hill, Donald Reid and John Sweeney.

**Also Present**

L. Friel, Executive Director, F. Walker, Head of Service (People and Transformation), P. Doak, Senior Manager (Internal Audit, Risk and Performance), A. Young, HR Operations Manager and E. Nixon, Team Manager (Customer and Digital Services) (Finance and Corporate Support); A. Sutton, Head of Service (Connected Communities), J. McKnight, Senior Manager (Community Development) and R. Arthur, Senior Manager (Information and Culture) (Economy and Communities); C. Dempster, Team Manager (Network Management) (Place); A. Fraser, Head of Democratic Services, M. Davison, Senior Manager (Democratic Services), A. Todd, Senior Policy and Performance Officer, A. Hale, Equality and Health Policy Officer and A. Little, Committee Services Officer (Chief Executive's)..

**Chair**

Councillor Burns in the Chair.

**Apologies for Absence**

Tom Marshall.

**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 accuracy of the Minutes of the meetings of the Audit and Scrutiny Committee held on 22 August 2017, 19 September 2017 and 11 October 2017 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

### **3. Public Performance Reporting 2016/17**

Submitted report by the Chief Executive on 2016/17 public performance reporting and the Annual Performance Report 2016/17. The report detailed the performance of the range of Performance Indicators that will be used to inform the Council's public performance reporting for 2016/17. Appendix 1 to the report provided details of the full set of indicators. The 26 Red/Amber indicators along with management commentary from the relevant Directorate were set out at Appendix 2 to the report and the Council Annual Performance Report 2015/16 was attached as Appendix 3 to the report.

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

- a range of performance information that is not available until late 2017/early 2018, and the requirement for the Council to publish performance information in relation to the Local Government Benchmarking Framework (LGBF) Performance Indicators (PIs);
- further information that will be provided to Members on the methods used to measure footfall in town centres;
- work by Business Improvement in respect of the timescale for responding to the increasing number of Freedom of Information requests; and
- further information that will be provided to Members on Capital projects completed within budget.

The Committee agreed (a) that the Executive Director (Finance and Corporate Support) provide to Members information on Capital projects completed within budget; (b) the Executive Director (Economy and Communities) provide to Members information on the methods used to measure footfall in town centres; and (c) to otherwise note the report.

### **4. Equality Mainstreaming and Equality Outcomes Report for 2015 - 2016 and Equality Outcomes for 2017 - 2021**

Submitted report by the Chief Executive on (a) the Equality Mainstreaming and Equality Outcomes Report for 2015/16, that contained information on the range of work and statistics on Council activity in relation to equality and diversity (Appendix 1); and (b) the Equality Outcomes for 2017/21, adopted by North Ayrshire Council and other Ayrshire public sector partners (Appendix 2).

Members asked questions and were provided with further information in relation to a report to Cabinet in December that will seek nominations for the refreshed Corporate Equality Working Group

Noted.

## **5. Equal Pay in Scotland**

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of the Audit Report on Equal Pay in Scottish Councils. Appendix 1 to the report outlined the key messages from the Accounts Commission's report; and North Ayrshire Council's position on the settlement of equal pay claims was provided at Appendix 2.

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

- the implementation of the Scottish Joint Council pay and grading scheme in 2007 that did not require, at that time, records to be retained in respect of the number of claims received and therefore precluded the provision of robust information to the Accounts Commission on the costs of compensation payments by North Ayrshire Council;
- information that is available on the total amount of compensation paid by North Ayrshire, but that this figure may or may not include legal costs;
- 605 current claims that are at an advanced stage and will be settled as soon as the Memorandum of Understanding, which is with the claimants' solicitors, is signed; and
- financial provision that has been made for the future costs of claims.

The Committee agreed (a) that the Executive Director (Finance and Corporate Support) provide further information to Members on the total claims paid by North Ayrshire Council; and (b) to otherwise note the report.

## **6. Scottish Road Works Commissioner Annual Performance Report**

Submitted report by the Executive Director (Place) on the Office of the Scottish Road Works Commissioner's report on North Ayrshire Council's Roads Service, which was attached at Appendix 1 to the report. Key management indicators developed by the Commissioner were outlined at Appendix 2 to the report.

Noted.

## **7. Self-directed Support Progress Report 2017 (Audit Scotland)**

Submitted report by the Interim Director (North Ayrshire Health and Social Care Partnership) on Self-directed Support (SDS) progress from a national and local perspective. Appendix 1 to the report outlined the four principles of self-directed support. The Self-Directed Support Strategy Implementation Plan 2016/18 was attached at Appendix 2. Appendix 3 provided information on the feedback from the SDS Team Consultation and Appendix 4 detailed the SDS Audit Action Plan.

The Committee agreed (a) that the Interim Director of Health and Social Care Partnership provide information to Members on the number of people assessed as eligible for SDS for the current year and the 3 previous years and the level of funding that has been awarded; and (b) to otherwise note the report.

## **8. Internal Audit Reports Issued**

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of Internal Audit work completed between 1 August and 31 October 2017. Appendix 1 included the Executive Summary, Action Plan and information on the findings from 6 separate audit assignments.

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

- work that is being done with the Arran Outdoor Education Centre on procurement requirements which will consider the procurement of certain commodities, such as food items, from local suppliers;
- a report that will be presented to Cabinet on a business model that is being developed by the Business Partnering Team for the Arran Outdoor Education Centre that will include an element of flexibility in the charging rates and how the Centre can operate;
- an exit process that is in place for staff who leave the Council to advise Payroll and IT to amend their records and remove all access permissions;
- a future planned audit on a range of controls within the corporate network that will include an audit of access permissions and access to shared drives; and
- information that is shared with the Leadership Team and reported to the Committee on audit findings that are applicable to all services.

Noted.

## **9. Internal Audit Plan 2017/18: Mid-year Update**

Submitted report by the Executive Director (Finance and Corporate Support) on (a) progress as at 30 September 2017 in delivering the 2017/18 Internal Audit Plan, as outlined in the Appendix to the report; (b) details of the 9 reports published during the first half of 2017/18, 6 of which were from the 2016/17 plan and the remaining 3 have been completed from the current plan; (c) a further 5 reports at draft stage as 30 September 2017; (d) 11 audits that are being worked on; and (e) the remaining planned audits scheduled during quarters 3 and 4.

Noted.

## **10. Internal Audit and Corporate Fraud Action Plans: Quarter 2 update**

Submitted report by the Executive Director (Finance and Corporate Support) on the progress made by Council services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 30 September 2017. Appendix 1 to the report provided full details of the nine actions that were not completed with the agreed timescales.

Noted.

## **11. External Audit Action Plans: Quarter 2 Update**

Submitted report by the Executive Director (Finance and Corporate Support) on progress made in implementing the agreed action plans arising from the external audit of the Council's 2015/16 and 2016/17 accounts. Appendix 1 to the report provided information on the only action that remains open and is scheduled to be complete by December 2017.

Noted.

## **12. Corporate Fraud Team: Mid-year Progress**

Submitted report by the Executive Director (Finance and Corporate Support) which provided a mid-year progress update on the work of the Corporate Fraud team. The report provided details of (a) four internal investigations and 182 investigations that had taken place; (b) a data match between the Council Tax and Payroll systems that resulted in recovery arrangements being put in place for £238,000 of Council Tax debt; (c) investigations into Empty Property Relief that resulted in the withdrawal of £33,000 in relief from 14 properties; (d) the National Fraud Initiative exercise that is underway and will investigate potential data matches, and (e) International Fraud Week that will take place from 13 - 17 November 2016 and will include a series of events that will be held throughout North Ayrshire.

The Committee was advised of Corporate Fraud Training for Elected Members that will take place on 14 December 2017

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

- further information that will be provided to Members on the number of referrals for investigation that were unfounded; and
- the withdrawal of Empty Property Relief, totalling £33,000 on 14 non-domestic properties across North Ayrshire that will be recouped in future Business Rates bills to the owners;

The Committee agreed (a) that the Executive Director (Finance and Corporate Support) provide information to Members on the number of referrals for investigation that were unfounded; and (b) to otherwise note the report.

## **13. Counter Fraud Maturity Assessment**

Submitted report by the Executive Director (Finance and Corporate Support) on the outcome of a self-assessment of the Council's Counter Fraud arrangements using the Scottish Government Counter Fraud Maturity Model. Appendix 1 to the report detailed the Scottish Government's Counter Fraud Maturity Model. The outcome of the self-assessment showing the level of compliance with each of the counter fraud controls was attached at Appendix 2 to the report.

Noted.

## **14. External Inspection Reports**

Submitted report by the Executive Director (Finance and Corporate Support) which provided information on (a) a range of external scrutiny from other agencies; and (b) the proposal that the outcome of all such external inspections and reviews should in future be reported to the Audit and Scrutiny Committee in order that the Committee receives a comprehensive view of all external assurance received by the Council.

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

- the current timescale for the circulation of committee reports and whether these could be made available two weeks prior to the meeting to allow Members sufficient time to read the large volume of information that is provided; and
- the provision of Audit Scotland's Executive Summaries to the next available Committee meeting, with full Audit Scotland reports being circulated to Members on their publication date.

The Committee agreed (a) to receive reports on the outcome of all external inspections; and (b) that the Executive Director (Finance and Corporate Support) examine the current timescales in place for the circulation of Committee reports and whether these could be circulated earlier to allow sufficient time for Members to prepare for the Committee meeting.

## **15. 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.

### **15.1 Corporate Fraud Reports Issued**

Submitted report by the Executive Director (Finance and Corporate Support) on the findings of Corporate Fraud investigations completed between 1 August and 31 October 2017.

Noted.

The meeting ended at 11.30 a.m.