

Audit Committee  
22 August 2016

**IRVINE, 22 August 2016** - At a Meeting of the Audit Committee of North Ayrshire Council.

**Present**

Peter McNamara, Tom Marshall, Catherine McMillan, David O'Neill and Robert Steel.

**In Attendance**

L. Friel, Executive Director, P. Doak, Senior Manager (Internal Audit, Risk and Performance) and K. O'Hara, Team Leader (Corporate Fraud) (Finance and Corporate Support); J. Butcher, Executive Director (Education and Youth Employment); A. Sutton, Head of Service (Connected Communities) (Economy and Communities) and D. McCaw, Committee Services Officer (Chief Executive's).

**Chair**

Councillor McNamara in the Chair.

**Apologies for Absence**

John Ferguson and Joan Sturgeon.

**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 Committee held on 23 May 2016 were confirmed and the Minutes signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

Members were advised that a progress report on item 3 School Funds would be submitted to a future meeting of the Audit Committee.

**3. Internal Audit and Corporate Fraud Action Plans: Quarter 4 update**

The Committee received a verbal update from the Executive Director (Education and Youth Employment) on the progress in allocating time for teachers to attend the Corporate Acceptable Computer Use training. Members were advised that one third of staff have now completed training with the balance of staff being progressed through the training with an estimated completion of January 2017.

Members asked questions and were provided with further information in relation to the advance scheduling of future in-service day training events.

The Committee agreed to receive a further update from the Executive Director (Education and Youth Employment) on training levels on Corporate Acceptable Computer Use to the next ordinary meeting of the Committee on 14 November 2016.

#### **4. National Fraud Initiative in Scotland 2014/15**

Submitted report by the Executive Director (Finance and Corporate Support) on the outcome of the recently completed 2014/15 National Fraud Initiative (NFI) exercise in which 104 bodies participated and 585 data sets were submitted for matching. The Committee also received a presentation on the work of the Corporate Fraud Team.

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

- the monetary value of fraud and error identified as a result of the 2014/15 NFI exercise in Scotland;
- how the Council will receive information in relation to Housing Benefit fraud now that the DWP has responsibility for these matches;
- the figure of 250 unregistered landlords who are claiming housing benefit and how the Council targets this number;
- success in relation to addressing the misappropriation of blue badges;
- how the Fraud Team keep up-to-date with regard to training of staff members;
- the pro-active work which the Fraud Team undertake;
- whether malicious complaints can be investigated without impacting on innocent parties; and
- how to demonstrate the financial benefit of the service to the Council and the difficulties in relation to comparison recording methods and benchmarking values.

The Executive Director (Finance and Corporate Support) undertook to follow up with the Chief Revenues and Benefits Officer of the Council the issue raised in respect of unregistered social landlords claiming housing benefit.

Noted.

#### **5. Internal Audit and Corporate Fraud Action Plans: Quarter 1 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 June 2016. Appendix 1 to the report provided details of the 5 actions not completed within the agreed timescales.

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

Museums and Heritage Service

- refreshing the due date to October 2018 with regard to this action.

Review of Corporate Governance

- the drafting of a stakeholder model, with a second phase in relation to how the Council manage stakeholders now proceeding. A further update will be provided to the Audit Committee once this second phase has been completed.

Noted.

**6. Internal Audit Reports issued**

Submitted report by the Executive Director (Finance and Corporate Support) on the Internal Audit work completed between 1 May and 31 July 2016. Appendix 1 to the report provided information on 13 reviews completed together with any high priority actions arising. The report also detailed proposals to withdraw a number of assignments from the approved audit plan for 2016/17.

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

Serious and Organised Crime

- setting the due date in connection with the completion of high priority actions and service compliance with due dates.

Insurance

- employees and Members currently not being asked to provide their driving licence, MOT and insurance documents prior to claiming and being awarded mileage in connection with using their vehicle for business purposes.

NAHSCP - Procurement of Care Services

- contractual management arrangements which require to be established in relation to procurement of social care services and on any guidance which can be provided to the Partnership from the Procurement Service in relation to this; and
- controls which require to be enhanced around the payment of invoices.

The Senior Manager (Internal Audit, Risk and Performance) undertook to provide clarification on the issue raised in relation to controls around the payment of invoices to Elected Members.

### ICT Assets

- responsibility for the management of the smoke detection systems and on whether Health and Safety should be reviewing this.

### Agency Staff and Agency Workers

- NAHSCP compliance with the appropriate procurement framework for agency staff.

The Committee agreed (a) to note the outcomes from the Internal Audit work carried out; (b) to approve the proposed changes to the 2016/17 audit plan; (c) that the Executive Director (Finance and Corporate Support) issue a note to the Executive Leadership Team to remind them of the importance of compliance with due dates; and (d) to invite a representative from the North Ayrshire Health and Social Care Partnership to the next ordinary meeting on 14 November 2016 in connection with issues around procurement.

## **7. Corporate Fraud Reports issued**

Submitted report by the Executive Director (Finance and Corporate Support) on the Corporate Fraud investigations completed between 1 May and 31 July 2016.

Members asked questions and were provided with further information in relation to whether staff reductions had been made at the site since the allegation had been made.

Noted.

The meeting ended at 11.25 a.m.