

Scrutiny Committee  
14 March 2011

**IRVINE, 14 March 2011** - At a Meeting of the Scrutiny Committee of North Ayrshire Council at 2.00 p.m.

**Present**

John Hunter, Anthea Dickson, Matthew Brown, Andrew Chamberlain, Anthony Gurney, Pat McPhee and Alan Munro.

**In Attendance**

I. Mackay, Solicitor to the Council; I. Colvin, Corporate Director (Social Services and Health); Y. Baulk, Head of Finance, P. Doak, Senior Manager (Internal Audit and Risk Management) and N. Dowling, Internal Audit Manager (Finance and Infrastructure); S. Bale, Policy and Performance Officer and A. Little, Committee Services Officer (Chief Executive's Service).

**Chair**

Councillor Hunter in the Chair.

**Apologies for Absence**

Jean Highgate and David Munn.

**1. Declarations of Interest**

There were no declarations of interest by Members in terms of Standing Order 16.

**2. Minutes**

The Minutes of the previous meeting of the Committee held on 28 February 2011 were signed in accordance with Paragraph 7 (1) of Schedule 7 of the Local Government (Scotland) Act 1973.

**3. Internal Audit Update Report**

Submitted report by the Corporate Director (Finance and Infrastructure) on the remaining internal audit reports carried out since 1 October 2010, which the Committee at their meeting on 28 February 2011 had agreed to continue consideration of to this meeting.

The Council's Local Code of Corporate Governance requires effective arrangements to be in place for the objective review of risk management and internal control. The Internal Audit Section reviews internal controls and provides an objective and independent appraisal of how effectively resources are being managed.

Since September 2010, a number of internal control reviews have been completed. The results of each Internal Audit assignment have been notified in writing to the relevant Corporate Directors and service managers and, where appropriate, action plans detailing recommendations for improving internal control have been produced. Executive Summaries and Action Plans for each of the areas reviewed were appended to the report.

Full copies of audit reports have been provided to the Scrutiny Committee Members, redacted where appropriate. The report covered the following areas:-

- PECOS within Social Services
- Maintenance of Contract Registers
- Payment Card Industry Compliance
- Payroll Overtime
- Scholastic Books Fairs Income
- Cash Collection and Banking (Eglinton Country Park)
- Cash Collection and Banking (Debt Recovery Unit - Legal Services)
- Cash Collection and Banking (Admin Support Unit - Legal Services)
- Payment of Supply Teachers

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

#### **PECOS within Social Services**

- The responsibility of Services to implement the actions recommended by Internal Audit;
- Internal Audit systems in place to ensure implementation of actions and the provision of an annual follow up report to Scrutiny;
- Written guidance and training for Social Services Managers on delegated levels of authority and PECOS training for staff;
- The use of the Carefirst system for processing care packages and plans to trial the use of PECOS for the purchase of care packages for children;
- Planned action to ensure non-care expenditure is processed through PECOS;
- The phased introduction of PECOS, the lead in time for Services using the system, the time to populate the system with the whole range of suppliers and training for staff;
- Work being done with schools to introduce PECOS;
- The Standing Orders Relating to Contracts and Contract Procedure Rules for North Ayrshire Council for goods and services over £30,000 and works over £50,000;
- The budgetary monitoring processes in place for goods and services under £30,000 and works under £50,000; and
- Assurances that actions identified by Internal Audit will be undertaken within the appropriate timescales.

## **Maintenance of Contract Registers**

- The target implementation dates of actions recommended by Internal Audit;
- A review of governance documents, including Standing Orders for Contracts;
- Planned training for staff on Standing Orders for Contracts;
- Collaborative contracts that identify the lead authority, the role and responsibility of each authority and how the contract will be managed;
- The responsibility of Services to ensure compliance with Standing Orders Relating to Contracts, Contract Procedure Rules for North Ayrshire Council and instructions issued by the Corporate Procurement Unit; and to determine whether disciplinary action is required in cases of non-compliance;
- Recognition in the proposed Best Value 2 Improvement Plan of the need to strengthen procurement arrangements;
- The future input of Internal Audit Action Plans to Covalent, the responsibility of Services to update the actions within this performance management system, and the facility of the system to generate a range of reports for the Scrutiny Committee;
- Assurances that actions identified by Internal Audit will be undertaken within the appropriate timescales; and
- The opportunity for the Committee to request specific reports within a specific timescale.

## **Payment Card Industry Compliance**

Discussion took place on a number of issues highlighted in the report, including the timeous removal of PARIS users that have left the authority, the use of password controlled generic user names, compliance with the Acceptable Computer Use Policy by Northgate and the security and monitoring measures in place.

## **Payroll Overtime**

- The end of financial year spend by some Services for timebound projects that can include overtime payments; and
- The future provision of financial information to Services on the range of overtime payments generated by their staff.

The Committee agreed (a) to continue consideration of the Payment Card Industry Compliance report; and invite an appropriate officer with specialist knowledge in this area to attend a future meeting of the Committee; (b) that information on the number of employees receiving overtime payments of more than £2,000, or 10% of the employee's own salary be provided to the Members directly; and (c) to otherwise note the Internal Audit reviews detailed in the report.

The meeting ended at 3.05 p.m.