

MINUTE
of
AUDIT AND SCRUTINY COMMITTEE

Minute of Meeting held at 2.30pm in the Council Chamber, Council Headquarters, Giffnock, on 12 June 2014.

Present:

Councillor Barbara Grant (Vice Chair)
Councillor Charlie Gilbert
Councillor Gordon McCaskill

Councillor Paul O’Kane
Councillor Tommy Reilly

Councillor Grant in the Chair

Attending:

Louise Pringle, Head of Customer and Business Change Services; Jim Sneddon, Head of Democratic and Partnership Services; Iain Maclean, Head of Environment; Michelle Blair, Chief Auditor; Kim Gear, Corporate Policy Officer; Linda Hutchison, Clerk to the Committee; and Jennifer Graham, Committee Services Officer.

Apologies:

Councillors Gordon Wallace (Chair) and Ralph Robertson.

Variation in Order of Business

In accordance with Standing Order 19, Councillor Grant agreed to vary the order of business as printed on the agenda in order to facilitate the conduct of the meeting.

DECLARATIONS OF INTEREST

1101. There were no declarations of interest intimated.

CHAIR’S REPORT

1102. The following matter was discussed during the Chair’s report:-

(i) Grants

It was reported that the Chair had been made aware of some voluntary groups who had been frustrated by the grant allocation system within the Council, with the suggestion made that the system lacked clarity. It was

explained that grants to voluntary organisations had last been examined from a policy review perspective by the then Policy Review Committee eight years ago. The Chair had suggested that it may be timely to revisit related Council policy and how it was managed and that a discussion with the Chief Auditor on any appropriate related work she had undertaken might be useful to consider as part of that work.

The committee, following discussion, agreed to progress a review of grant issues, noting that the Clerk would now seek further views from Members of the committee on the proposed focus of the work.

CODE OF CORPORATE GOVERNANCE

1103. Under reference to the Minute of the meeting of 27 June 2013 (Page 603, Item 639 refers), when the Code of Corporate Governance updates and actions for 2013/14 had been approved, the committee considered a report by the Deputy Chief Executive on progress against improvement actions and seeking approval of a revised Code for 2014/15.

The report reiterated the Council's responsibilities for the conduct of its business, defined what the Code of Corporate Governance was, and explained that the proposed updates took account of guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE). The report referred to key requirements with which the Council had to comply and summarised progress on 2013/14 actions, highlighting those which had been completed or carried forward.

Whilst summarising the extent to which the Code had been updated for 2014/15, it was clarified that a small number of further actions proposed which would exceed compliance with the Code had been identified. Key actions for 2014/15 included implementation of a new social media policy and a review of the distribution and accessibility of corporate personnel circulars.

Having commented on the Annual Governance Statement to be published in the 2013/14 Annual Report, the report concluded that the Council continued to be governed by sound management controls and to comply with the requirements of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. It was explained that progress on planned actions for 2013/14 had been posted on the Council's website, as would the 2014/15 Code subject to its approval by the committee.

Councillor Grant highlighted reference in the report to the review of the Scheme of Establishment for Community Councils, expressing concern that the work which it had been anticipated originally would be complete by September 2014 was being carried forward into the proposed new Code with completion now expected by April 2015. In response the Head of Democratic and Partnership Services first summarised the position on a range of community engagement related work and issues which was the wider context within which the review was taking place and which had impacted on progress. This included awaiting further developments and clarification on the terms of the Community Empowerment (Scotland) Bill due for publication this month. Having referred in broad terms to provisions of that legislation and the need to take account of legislative requirements in respect of the review referred to which was underway, he clarified that a report on an independent review of the operation and support for community councils commissioned by the Council and undertaken during March and April 2014 was about to be made available to Members. The Head of Democratic and Partnership Services then explained that a report on a draft Scheme of Establishment for Community Councils was to be submitted to the Council after

the summer recess following which a three month consultation would ensue, referring also to associated statutory and other consultative requirements. He clarified that the aim was to complete the review by no later than April 2015, a further aim being to ensure that the final scheme took sufficient account of both local and national developments.

In response to questions he explained that, depending on the outcome of the review of the draft Scheme, it could be that community council elections would be required at an appropriate time pending the outcome of which current community councils would remain in place. He also explained that the level of future financial responsibility that could fall to community councils remained unclear at present, and in response to Councillor Grant, undertook to circulate the timescale for the review to members of the committee for information and clarity. He acknowledged the degree of frustration that existed regarding the time it was taking to complete the review, including taking account of statutory timescales.

The Corporate Policy Officer commented on a range of aspects of the report and actions for the forthcoming year. During discussion on various issues, in response to a question on job descriptions for elected Members, the Clerk commented on when these had last been prepared a number of years ago by the then Head of Corporate Personnel and the spectrum of roles covered by these, which included Chair of the Audit Committee. The Head of Customer and Business Change Services commented that the job descriptions had not been reviewed at the time of the last local government elections taking account of a range of other induction material developed for elected Members then, including by the Improvement Service, which had been made available and included information on role related issues. Councillor Grant suggested that a review and reissue of the job descriptions now could be useful, following which Councillor O’Kane commented that making them publicly available could assist members of the public understand the role of elected Members.

The committee:-

- (a) noted progress on the 2013/14 Code of Corporate Governance improvement actions;
- (b) approved the Code of Corporate Governance updates and actions for 2014/15;
- (c) agreed that the Head of Democratic and Partnership Services prepare a timeline for progressing and finalising the review of the Scheme of Establishment for Community Councils and pass this to the Clerk for circulation to Members of the committee; and
- (d) recommended that, including through discussions with the Democratic Services Manager, the current job descriptions for elected Members be reviewed, updated and reissued.

EXTERNAL AUDIT REPORT – OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND

1104. The committee considered a report by the Clerk on the publication by the Accounts Commission of a report entitled *Overview of Local Government in Scotland in 2014* which, under the committee’s specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Wallace and Grant for review. The Head of Customer and Business Change Services had been asked to provide comments and a copy of her feedback was attached to the report.

The Accounts Commission report covered a wide range of topics from a national perspective including relating to financial issues; the public reform agenda; changes in health and social care; option appraisal; and charges for services. Other issues commented on included cost performance information and benchmarking; governance issues; and community planning.

The Head of Customer and Business Change Services emphasised the breadth of issues covered by the overview, highlighting that a number of issues referred to within it had already been or would be the subject of individual reports to the committee. She clarified that her report had therefore focussed on key recommendations in the paper, commenting under each issue. In response to Councillor Reilly, who sought clarification on ongoing work to look at the feasibility, scope and business case for a potential leisure trust for East Renfrewshire, the Head of Customer and Business Change Services confirmed that this exercise was being managed independently by Ernst and Young specialists who had prepared a report which was to be submitted to the Budget Strategy Group in the near future.

The committee noted the report.

Resolution to Exclude Press and Public

At this point in the meeting, on the motion of the Chair, the committee unanimously resolved that in accordance with the provisions of Section 50A(4) of the Local Government (Scotland) Act 1973, as amended, the press and public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 6 of Part I of Schedule 7A to the Act.

DEACONSBANK GOLF FACILITY

1105. Under reference to the Minute of the meeting of 10 April 2014 (Page 974, Item 1014) when the Chair had referred to an update which the Head of Environment (Planning, Property and Regeneration) had provided to the committee in September 2012 on ongoing discussions with David Lloyd Leisure (DLL) on Deaconsbank Golf Club, related consultation and the need for action if an acceptable way forward could not be found; reiterated that he had commented at the time 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; highlighted that from first hand observation of the site it did not appear that a way forward had been found; and therefore proposed that an update on the current position be requested for consideration at this meeting, the committee considered a report by the Director of Environment summarising developments since the Cabinet had approved the proposal to replace the existing fire damaged clubhouse and temporary clubhouse at Deaconsbank Golf Course with a new temporary modular, prefabricated clubhouse facility subject to the terms and conditions outlined in the report.

The report explained that due to a lack of progress on the replacement clubhouse, the Council had written to DLL in June 2012 and correspondence between the two parties had continued over a period of time the content of which was outlined and some of which was appended to the report. Amongst other things, reference was made to a recent meeting held in April 2014 between the Director of Environment and DLL's senior management to progress matters and related discussions. It was explained that, as a result of this meeting, the Director of Environment was preparing a report to be considered by Cabinet on future options for the Deaconsbank site.

The Head of Environment commented on developments and, in response to questions, clarified the position on a range of issues including the lease and related discussions; the position taken by the council as specified in correspondence and through discussions; and future options and related business issues, including financial and related risk matters. He acknowledged the frustration that existed that the matter had not be resolved, but reiterated that a report was in preparation for submission to the Cabinet in the near future on the matter.

Councillor McCaskill supported a pragmatic approach being taken commenting generally on the economic climate within which businesses had been operating over recent years. He also proposed that a further report on progress be submitted to the committee in due course so this could be monitored.

The committee, following discussion:-

- (a) agreed that the Head of Environment (Planning, Property and Regeneration submit a further report to the committee on progress in June 2015; and
- (b) otherwise, noted the report and clarification provided.

The meeting was re-opened to the press and public at this point.

EXTERNAL AUDIT REPORT – OPTIONS APPRAISAL: ARE YOU GETTING IT RIGHT?

1106. The committee considered a report by the Clerk on the publication by the Accounts Commission of a report entitled *Options Appraisal: Are you getting it right?* which, under the committee's specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Wallace and Grant for review. The Chief Executive had been asked to provide comments and a copy of her feedback was attached to the report.

It was explained that the report by the Accounts Commission was the seventh in a series of reports looking at how councils worked and highlighted that, in order to manage financial pressures and increasing demands on services and also as recommend in a further previous Accounts Commission report *Responding to challenges and change: An overview of local government in Scotland 2013*, councils should ensure rigorous and challenging appraisal of options for delivering services. The external audit report had highlighted the importance of councils using rigorous option appraisals to deliver efficient and effective services to local communities and showing they were achieving Best Value, clarifying that a further report was to be published in due course on existing practice within councils on how they undertook options appraisal.

Having referred to the main findings of the Accounts Commission report, the Chief Executive's report referred to the proactive approach taken by the Council to engage in shared services and partnerships that improved services, made business sense, delivered efficiencies and increased resilience and flexibility. Having cited examples of service delivery options pursued by the Council, the report outlined when option appraisal was considered and the variety of related templates used across the authority. Other issues commented on included evidence of the use of option appraisal being reported to the Cabinet and Council, the commissioning of specialist external support when options under consideration were complex or innovative, and the importance attached to elected Members having sufficient information to inform decision-making. A copy of a completed assessment undertaken against a checklist within the external audit report was appended to the report

During discussion, reference was made to advice provided by the corporate procurement team to officers on effective contract management and challenges associated with benchmarking, particularly in terms of the importance of comparisons being made with appropriate and valid comparators.

The committee agreed:-

- (a) that the importance it attached to benchmarking being undertaken with appropriate, valid comparators be relayed to senior officers; and
- (b) otherwise, to note the report.

EXTERNAL AUDIT REPORT – PROCUREMENT IN COUNCILS

1107. The committee considered a report by the Clerk on the publication by the Accounts Commission of a report entitled *Procurement in Councils* which, under the committee's specialisation arrangements for dealing with internal and external audit reports, had been sent to Councillors Wallace and Grant for review. The Chief Officer (Legal & Procurement) had been asked to provide comments and a copy of his feedback was attached to the report.

Having explained that the purpose of the national audit had been to assess whether councils were efficiently and effectively managing how they procured goods and services, the report referred to key messages within that report, commenting on the local position against those applicable to local authorities. Issues commented on included the submission of regular and timely information to the Procurement Hub and Covalent; engagement with suppliers and those using services on contract specifications; the use made of collaborative contracts; and the calculation of procurement related savings. Other issues commented on included the use of market research, cost avoidance and improved contract management to identify savings and potential service improvements; joint working and collaborative contracts; improvements made in terms of the Procurement Capability Assessment; benchmarking issues; and participation by the Council in national contracts and those arranged through Scotland Excel. Regarding reference made to councils encouraging elected Members sitting on their main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively, it was highlighted that procurement training could be provided to all elected Members and that procurement guidance could be provided to Members in response to any questions they may have.

During discussion it was commented that bodies that dealt with procurement related issues included the Cabinet, with reference also made to procurement issues dealt with through the Council's Scheme of Delegated Functions and Contract Standing Orders. Councillor McCaskill sought clarification on which Convener held responsibility for procurement issues and, accordingly, oversight of this aspect of the Council's business. Given the importance of the responsibility, he expressed the view that it might be appropriate for such a Convener to chair any committee responsible for procurement and suggested that further training could be appropriate for all Members on this key function. The receipt of tenders was discussed briefly.

The committee agreed that:-

- (a) confirmation be sought and circulated that the Convener with responsibility for procurement is the Convener for Corporate Services; and

- (b) in view of the importance of procurement and its impact across many aspects of the Council's business, to suggest that a training session for elected Members on procurement be arranged, including on thresholds associated with processing contracts in different ways.

RESPONSE TO AUDIT AND SCRUTINY COMMITTEE'S INVESTIGATION ON PROCEDURAL ISSUES

1108. Under reference to the Minute of the meeting of the Cabinet of 15 May 2014 (Page, (Page 1029, Item 1076 refers), when it had been agreed to approve the Council's response to the various recommendations highlighted in the Audit and Scrutiny Committee's Investigation on Procedural Issues and to approve an associated action plan arising from the investigation, the committee considered the report by the Deputy Chief Executive which had been submitted to the Cabinet and related action plan appended to the report.

The report highlighted that the procedural issues raised during the course of the investigation included access to Corporate Personnel Circulars (CPCs); car mileage and related issues and checks; declarations of interest; IT systems access issues; and the Council leaver's checklist. Details of the Council's response to each of these issues were specified.

Councillor Grant highlighted the extent to which the committee's recommendations had been accepted or not and it was commented that it remained an option for the committee to seek confirmation on the extent to which the action plan had been implemented at some stage in future if it wished to. Regarding the distribution of CPCs which was restricted to managers, supported by Councillor McCaskill and Councillor Gilbert, she commented that she took exception to the fact that all CPCs were not readily accessible by all employees, including because some employees may independently wish to check the position on an issue without having to consult their manager. She added that it was not fully clear why that appeared to be considered problematic. Following discussion on the nature and purpose of such circulars, she proposed that a meeting be arranged between representatives of the committee and the Human Resources Manager with a view to seeking further clarification on the matter.

Regarding declarations of driving convictions, Councillor McCaskill acknowledged the responsibility individual employees had to declare these and the comments made about speeding convictions. However, he added that it was not fully clear to what extent, if any, the Council could potentially be held legally responsible for an accident caused by an individual with a driving conviction driving on local authority business before it became known by the Council that the conviction had been incurred. It was acknowledged that the extent to which the Council took reasonable steps on such issues could be a consideration. Supported by other members of the committee, Councillor O'Kane suggested that legal clarification on this issue would be useful to avoid this being an area of uncertainty.

The committee agreed:-

- (a) that a meeting between representatives of the committee and the Human Resources Manager be convened to allow the issue raised about access to CPCs to be clarified and discussed further;
- (b) that legal clarification be sought on the issue relating to criminal convictions and potential liability for accidents by the Council in the circumstances outlined during discussion as referred to above; and

- (c) otherwise, to note the Council's response to the various recommendations in the committee's report, the planned actions arising from this and that it remained an option for the committee to seek confirmation on the extent to which the action plan had been implemented at some stage in future if it wished to.

EXTERNAL AUDIT REPORT – ANNUAL OVERVIEW OF INTERNAL AUDIT 2013/14

1109. Under reference to the Minute of the meeting of 11 April 2013 (Page 464, Item 495 refers), when the committee had noted the findings of the annual overview of Internal Audit for 2012/13, the committee considered a report by the Clerk regarding the findings of the External Auditor on the preliminary assessment of the Council's Internal Audit function for 2013/14 which, under the committee's specialisation arrangements, had been sent for detailed review to Councillors Wallace and Robertson.

The report clarified that the External Auditor had concluded that the Internal Audit Section complied with best practice and applied appropriate documentation, standards and reporting procedures, and referred to the reliance to be placed on and assurances to be drawn from Internal Audit's work on various issues.

The committee:-

- (a) congratulated the Chief Auditor and her team on the outcome of the audit; and
- (b) otherwise, noted the report.

INTERNAL AUDIT ANNUAL REPORT 2013/14

1110. The committee considered a report by the Chief Auditor regarding the annual report on the activities of Internal Audit during 2013/14, and providing an independent annual opinion on the adequacy and effectiveness of the internal controls operating within the Council.

The Chief Auditor commented on the implementation of the plan during which she reiterated that three audits had been deferred. She reported that satisfactory responses had been received to all audits, adding that although thirteen recommendations across six audits had not been fully accepted, reasons for this had been provided and accepted. The Chief Auditor also summarised the position on various fraud and contingency related issues, including why two issues from 2012/13 were still on-going, and confirmed the proportion of time allocated for contingencies that had been used. Comment was also made on factors that had impacted on performance against key performance indicators.

In response to Members, the Chief Auditor gave further information on the various recommendations which had not been fully accepted by management and the reasons for these, explaining why, in all circumstances, the Chief Auditor had accepted the reasons provided. Regarding the audit undertaken on housing allocations (MB/844/EL), it was proposed that the Chief Auditor seek further clarification from management why the recommendation made on withholding downsizing payments in circumstances when other monies were owed to the Council by a tenant had not been accepted on the basis that it was considered unacceptable to elected Members. Others issues commented on included community grants, including the current budget for these.

The committee, following discussion, agreed:-

- (a) to approve the Annual Statement on the Adequacy of Internal Controls and submit it to the Council;
- (b) that the Chief Auditor request additional information regarding the management response received on downsizing payments for circulation to Members of the committee by the Clerk on receipt; and
- (c) otherwise, to note the internal audit annual report 2013/14.

CHAIR

