

MINUTES of MEETING of the MIDLOTHIAN COUNCIL AUDIT COMMITTEE held in the Council Chambers, Midlothian House, Buccleuch Street, Dalkeith on Tuesday, 14 February 2012 at 11.00 am.

Present:- Councillors Brown, (Convener), Milligan, Muirhead and Thompson.

Apologies for Absence;- Councillor L Beattie; Mr Rae.

1 Declarations of Interest

No declarations of interest were intimated.

2 Order of Business

The Convener intimated that he proposed to advance agenda items Nos. 9(b) (Arrears Management) and 10 (Housing and Council Tax Benefit Administration) to item Nos. 4 and 5 hereof, to which the Committee assented.

3 Minutes

The Minutes of Meeting of 13 December 2012 were submitted and approved.

4 Update on Housing and Council Tax Benefit service following Performance Audit and Risk Assessment report by Audit Scotland

With reference to paragraph 4 of the Minutes of 18 October 2011, there was submitted report dated 20 January 2012 by the Head of Customer Services providing the Committee with an update on progress with the action plan following the performance audit on the Housing and Council Tax Benefit service carried out by Audit Scotland in 2011. The report advised that the action plan was progressing well and was broadly on target in terms of timescales, with only very minor unavoidable slippage in respect of one or two actions. A detailed review of the new claims and changes in circumstances process was being conducted and whilst the review was not yet complete, the early indications were that improvements could be made to streamline the process. In addition, some minor "quick fixes" had already been implemented.

The report provided details of the staff resource employed on this function; the workload volumes in terms of documents received over the period from 2007/08 to January 2012; the new claims and change in circumstances processing times which showed that new claims were currently being processed within 21 days of receipt whilst change of circumstance claims were being processed within 17 days of receipt; and details of the number of

calls answered in respect of Benefit enquiries. In order to improve performance in respect of call handling an interim resource transfer was proposed, to address the shortfall. Upon completion of the process reviews, a final recommendation would be made as to any increase necessary in the level of staff in revenues operations although it was hoped that through improvements to processes and having regard to the significant improvements already being sustained, no additional resource would be required.

Decision

- (a) To note progress on the Housing Benefit/Council Tax Benefit Audit Action Plan;
- (b) To note the transfer of resource between revenues operations and contact centre in order to facilitate an increase in Customer Service Advisers dealing with revenues calls; and
- (c) To note the proposal to monitor the resulting impact in revenues processing team and that the Head of Customer Services would submit a further report if the final outcome of the process review illustrated the need for an overall increase in staffing.

(Action: Head of Customer Services)

5 Internal Audit Report – Follow up Review of Arrears Management

With reference to paragraph 7(e) of the Minutes of 14 December 2010 there was submitted report dated 8 February 2012 by the Risk and Audit Manager on a review of the progress made towards implementing the agreed Management Action Plan following an Internal Audit review of Arrears Management completed in November 2010. The review had focussed on the adequacy of actions taken by management on any issues raised that had been recorded as closed on Covalent and an assessment of the number and materiality of any issues that remained open. The review had concluded that the majority of issues had been addressed in accordance with the approved action plan but that a number of further actions were still required. The report therefore incorporated an action plan to address the further actions still required.

Decision

- (a) To note that the statistics published on the Scottish government website in respect of rent arrears for Midlothian Council were inaccurate and despite this fact having been drawn to the attention of Government, this had not been corrected;
- (b) To endorse the Management Action Plan contained in the report; and

(c) To otherwise note the progress made.

(Action: Head of Customer Services/ Risk and Audit Manager)

6 Risk Management: Insurer Surveys

There was submitted report dated 5 February 2012 by the Risk and Audit Manager providing the Committee with an opportunity to scrutinise and approve recent insurer surveys. The report explained that the Council's insurers Chartis UK Limited had commissioned four inspections/surveys in respect of Leased Car Driving; Asbestos Management System; Stobhill Depot – Security and Health and Safety; and Stobhill Depot – Motor Accumulation. The report incorporated summaries of the inspection reports. The report advised that as result of the inspection reports work was progressing on E-learning driver risk assessment and driver training; and extra insurance premiums for continuing accidents in respect of car leasing; in respect of asbestos management there was a potential that the Council could face an expensive insurance claim, for which there was no cover; the insurer appeared satisfied with the progress at Stobhill Depot including the measures taken in respect of Vehicle Accumulation. Each of these issues was being monitored by the Corporate Risk Management Group.

Decision

To note the report

7 Internal Audit Plan 2011/12 – Progress Report

There was submitted report dated 5 February 2012 by the Risk and Audit Manager inviting comment on progress with the Internal Audit Plan for the financial year 2011/12. The report detailed the current status of the plan and advised that the 2011/12 programme of work remained on schedule to be completed on time.

Decision

To note the report

8 Internal Audit Strategy and Plan 2012-13 to 2014-15

There was submitted report dated 2 February 2012 by the Risk and Audit Manager providing the Committee with an opportunity to review the proposed Internal Audit Strategy and Plan for the three financial years commencing on 1 April 2012.

The report advised that in the previous three financial years, the strategy had been to focus on five key matters so that a balanced and optimum level of assurance is provided to all interested parties. These matters were Main Financial and IT Systems; Consultancy; Investigations; Corporate Risks; and Help-desk advice and recommended that this approach to Internal Audit

assignments was continued for the next three financial years. The report also incorporated a three year internal audit plan .

Decision

To approve both the Internal Audit strategy and Internal Audit Plan for the period 2012-13 to 2014-15.

(Action: Risk and Audit Manager)

9 External Auditors - Audit Plan 2011/12

There was submitted report dated February 2012 by Messrs Grant Thorburn outlining how they would approach the audit of the Council in the first year of their appointment and reflecting their statutory duties and risk based approach. The report provided detailed information on key audit issues; accounts audit- risk assessment; their use of software to document, evaluate and test internal controls; governance; best value and performance; performance risk assessment; the key personnel forming the audit team; and audit fees.

Decision

To note the report.

10 Internal Audit Report - Corporate Risk No.3 (Customers and Performance) – Statutory Performance Indicators

There was submitted report, dated 6 February 2012, by the Risk and Audit Manager, on an Audit of the Council's Corporate Risk No.3 (Customers and Performance) – Statutory Performance Indicators. The objective of the audit was to review the processes and controls to allow the collection and accurate reporting of statutory performance indicators (SPI) and was aimed at providing assurance in relation to the Council's Corporate Risk MC01- 03 entitled 'Customers and Service Performance. The audit had concluded that whilst there was basically a sound system of internal control there were some areas where it was considered improvements could be made and risk controlled further. The report therefore included a management action plan to address those issues identified by the audit.

Decision

- (a) To endorse the management action plan; and
- (b) To otherwise note the report.

(Action: Director Education and Children's Services/ Director, Communities and Wellbeing/ Risk and Audit Manager).

The meeting terminated at 11.40am.