

# MINUTES

# A & B

**Audit and Standards Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Tuesday 27 September 2011 at 11.15 a.m.**

Present:

F B Grains	L F Baisley
A T Doull	A G L Duncan
R S Henderson	C H J Miller
G Robinson	

**Apologies:**

J W G Wills

**In attendance (Officers):**

A Buchan, Chief Executive  
H Sutherland, Head of Finance  
C McIntyre, Executive Manager – Internal Audit  
J MacLeod, Project Manager – Audit and Standards Support  
M Forrester, Senior Assistant Accountant  
H Tait, Service Manager – Management Accountancy  
A Sutherland, Policy Officer  
A Cogle, Service Manager – Administration  
L Adamson, Committee Officer

**Also:**

J Henry, SIC  
J Simpson, SIC  
L Brown, Audit Scotland  
C Hislop, Audit Scotland  
A Kolodziej, Audit Scotland

**Chairperson**

Mrs Grains, Chair of the Committee, presided.

**Circular**

The circular calling the meeting was held as read.

**Declarations of Interest**

Mrs Baisley declared a financial interest in agenda item 3 [Draft Unaudited Pension Fund Accounts to 31 March 2011] and would leave the meeting during consideration of the report.

Mrs Miller declared an interest in agenda item 3 [Draft Unaudited Pension Fund Accounts to 31 March 2011] as a close family member is a contributor to the Pension Fund, however she considered that this was not a significant interest and did not warrant her abstaining from the discussion.

Mr Duncan declared a financial interest in agenda item 3 [Draft Unaudited Pension Fund Accounts to 31 March 2011] as a beneficiary of the Pension Fund, and confirmed that he would leave the meeting during consideration of this report.

Mr Robinson declared a financial interest in agenda item 3 [Draft Unaudited Pension Fund Accounts to 31 March 2011] as a beneficiary of the Pension Fund. He referred to the exemption provided in the Councillors' Code of Conduct, and confirmed that he would take part in the discussion.

17/11 **Minutes**

The Minutes of Audit and Standards Committee held on 11 August 2011 were confirmed on the motion of Mrs Miller. Updates were provided on the following:

Min. Ref.: 10/11 – Minute

- Min. Ref. 07/11 – Assurance and Improvement Plan

The Chief Executive confirmed that, as part of the budget targets for savings, the Head of Capital Programming and his team were working to identify savings on procurement and these would be reported to Council within the coming months.

Min. Ref. 11/11 – Audit and Standards – Matters Arising

In response to a request for an update, the Chief Executive advised that the recent work undertaken on the conduct of meetings and new governance arrangements he hoped would be reported upon favourably by Audit Scotland in its follow up report.

18/11 **Single Outcome Agreement – 2010/11 Outturn Report**

A report by the Executive Manager – Improvement and Performance (CE-40-F) provided the Committee with an opportunity to discuss Shetland's Single Outcome Agreement (SOA) Annual Report for 2010-11.

The Policy Officer briefly introduced the report.

In response to a query regarding the comment in Section 3.4 of the report that there were a few indicators that had not been reported, the Policy Officer explained that a number of indicators are not updated each year and therefore there are no new figures to provide, and there are indicators where no baseline has been set. She advised however that the number of indicators being reported on was increasing every year.

During the discussion clarification was provided on a number of the indicators, which included the following:

F.1.3. Number of Households in Fuel Poverty

During the discussion, Members expressed concern that the Council was not meeting the targets in regards to Fuel Poverty. In response to questions, the Policy Officer advised that more reliable figure had been provided for Unst as a detailed study had been carried out, and she confirmed that work was ongoing with frontline staff to raise awareness and to identify the most vulnerable in fuel poverty.

During the discussion, Mrs Miller advised of her concern regarding the fuel poverty figures, and stressed the need for the Council to revisit its processes and policies to make fuel poverty a priority to ensure the 2016 targets are met.

National Outcome – Wealthier

In response to a question regarding the report on the reduction in the number of enquiries through the Business Gateway, it was reported that this could relate to the economic downturn nationally. In Shetland participation at the Business Gateway

training had been very encouraging, being the first part of the process before further enquiries would be made to start a business.

#### National Outcome – Smarter

The report that the number of people from hard to reach groups accessing learning opportunities had increased from 2499 in 2009/10 to 2750 in 2010/11 was highlighted as a good news story, with congratulations conveyed to the individuals involved.

#### St. 1.3 - Usage of Public Transport

In response to a query regarding the decrease in the number of people using public transport, the Policy Officer explained that the decline was relatively minor. She advised however that the Council's Transport Service recognise this trend and are to carry out a redesign of the transport network to address costs and gaps in provision within the coming year.

#### G.2.1 - Biodiversity: SSSIs

In response to a query, the Policy Officer undertook to provide Members with further explanation on the SSSI targets.

#### St.3 - We will sustain and, where necessary, grow the number of childcare places, to meet identified need

Mr Robinson reported on the number of childminders in Shetland and on childcare provision in Lerwick, and said that the provision of childcare in Shetland had to remain a strategic priority for the Council.

#### **Decision:**

The Committee discussed the information in the outturn report, noting any achievements or areas that require further explanation.

19/11

#### **Statutory Performance Indicators 2010-11**

A report by the Executive Manager – Improvement and Performance (CE-037-F) presented the Statutory Performance Indicators for 2010-11.

The Policy Officer briefly introduced the report.

In response to questions from Members, the Chief Executive confirmed that the main issues highlighted in the Improvement Programme had been addressed and these would be assessed by Audit Scotland within the coming months. He advised that arrangements were being made to appoint a Director of Corporate Services, and on the financial side the proposal was to advertise the post of Executive Manager – Finance soon with recognition that there was also a need for further resourcing of a senior financial accountant to support the work.

#### Indicators 1a and 1b – Sickness Absence

Concern was expressed on the figures reported for sickness absence, with reference being made to the research that had been undertaken and revised processes put in place within the Council to improve sickness absence levels.

During the discussion, requests were made for a report to be prepared to highlight any seasonal/weekly sickness absence patterns and long-term/short term trends. The Project Manager – Audit and Standards Support undertook to provide the report to the next meeting.

### Housing

In response to a request, the Project Manager – Audit and Standards Support undertook to report to the next Committee on the number of days and income lost to the Council due to damage caused to Council property.

In referring to the indicators advising on the time taken to re-let Council houses, Mr Henderson reported on instances where re-letting of properties had been held up due to the delay in repairs being carried out. He said that repairs should be carried out as soon as possible to accelerate the re-letting process.

### Indicator 22 – Carriageway Condition

During the discussion, some Members referred to the indicator advising on the percentage of the road network that should be considered for maintenance. They stressed the benefits of continuing to maintain and improve Shetland's roads and it was suggested that this could be progressed through a spend to save option.

### Indicator 24 – Refuse Recycling

Mrs Baisley commented that more should be done to encourage people to recycle domestic waste as this could reduce the cost of refuse collection.

### Benefited Administration

Mrs Miller asked that further explanation be provided to Members on the "Benefited Administration" measures.

### Indicator 13.a.ii – Planning Applications

In referring to the reduction in the number of householder applications dealt with within two months, the Chair said that improvements have to be made to ensure householder applications are processed timeously.

### **Decision:**

The Committee reviewed the Performance Indicators for 2010-11 and highlighted areas for further investigation.

*(Mrs Baisley and Mr Duncan left the Chamber).*

### 20/11 **Draft Unaudited Pension Fund Accounts to 31 March 2011**

A report by the Head of Finance (F-037-F) presented the draft unaudited Annual Report and Accounts of the Shetland Islands Council Pension Fund to 31 March 2011.

In introducing the report, the Head of Finance advised that this was the first time that the Pension Fund Accounts had been reported separately from the Council's overall accounts. She advised that the draft accounts had recently been approved by the Pension Fund Management Consultative Committee and were presented to Audit and Standards Committee in its role to review the Council's performance.

Mrs Miller moved that the Committee approve the recommendation in the report. Mr Robinson seconded.

### **Decision:**

The Committee RECOMMENDED to Executive Committee to:

- approve the Annual Governance Statement, as being an accurate record of the arrangements in place for the Shetland Islands Council Pension Fund;
- approve the self assessment checklist (Government Compliance Statement) and recommended actions for improvement to meet best practice arrangements; and
- approve the draft unaudited accounts to 31 March 2011.

*(Mrs Baisley and Mr Duncan returned to the meeting).*

## 21/11 **Final Accounts 2010/11**

A report by the Head of Finance (F-039-F) presented the unsigned financial statements for approval and for the Committee to receive Audit Scotland's independent report on the financial statements (ISA 260 report).

In introducing the report, the Head of Finance said that she was pleased to present a complete set of accounts that comply with accounting regulations, but that are qualified in respect of the Shetland Charitable Trust accounts. In referring to Section 3.4 of the report, which set out a range of high level risks that could have affected the financial statement of the Council from the 2010/11 Audit Plan, the Head of Finance advised that all but one of the risks had been resolved or were being resolved. She added that the Chief Executive had given assurance that the one outstanding item, to resource the financial accounting function, would be addressed.

The Head of Finance advised that a number of corrections had recently been made to the accounts (copies tabled at the meeting) and some additional corrections would be required prior to the final submission of the accounts by 30 September. After highlighting the key issues in the accounts, the Head of Finance thanked the team at Finance for the work involved in preparing the accounts, and in particular Ms H Tait, Service Manager – Management Accountancy and Mrs M Forrester, Senior Assistant Accountant, Mr J Gray and his colleagues at Price Waterhouse Coopers, and Mrs C Hislop and the team at Audit Scotland.

Mrs C Hislop, Audit Scotland, advised that the Audit Certificate had not been included as one adjustment had been required on the gains on investments in the accounts. She referred to the additional work required to prepare the accounts, highlighted a number of issues from the ISA260 report, and said that the Audit Scotland team would continue to work with the Council's Finance Service to ensure a good set of accounts before 30 September.

During the discussion that followed, Mrs Hislop and the Head of Finance responded to questions from Members on a number of the actions listed in the ISA260 report and issues that had arisen during the preparation of the accounts.

*(Mr Robinson left the meeting).*

During the discussion, Members expressed thanks to the team at Audit Scotland, and the Council's Finance Service for the hard work involved in preparing the accounts.

Mrs Miller moved that the Committee approve the recommendations in the report. Mr Duncan seconded.

**Decision:**

The Committee RECOMMENDED to the Council to:

- note the ISA 260 report and agree the recommended actions; and
- approve the 2010/11 Final Accounts.

22/11     **Items for Future Discussion**

- Report on Overtime – for the next meeting.
- A cost benefit analysis to be undertaken on the provision of electronic alternatives to paper agendas.

The meeting concluded at 12.45 p.m.

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Chair