

The Highland Council

Audit and Scrutiny Committee – 30th September 2015

Agenda Item	9
Report No	AS/22/15

Audit Scotland National Reports

Report by Head of Audit & Risk Management

Summary

This report provides details of the most recent National Reports issued by Audit Scotland and the action taken within the Council to address the report findings.

1. Background

- 1.1 All National Reports issued by Audit Scotland are reported to the relevant strategic committee who should consider what action should be taken to address the report findings. Thereafter this is reported to the Audit and Scrutiny Committee who should satisfy themselves that the appropriate action is being taken by the strategic committee. In addition it should be noted that progress in addressing the National Reports by individual councils is monitored by Audit Scotland.

2. National Reports Issued

- 2.1 There are 2 recent reports which have been issued and which have been considered by the appropriate strategic committee:

- Audit Scotland National Report – Borrowing and Treasury Management in Councils (*presented to the Resources Committee on 27/05/15*)
- National Fraud Initiative (*presented to the Resources Committee on 26/08/15*).

The Committee minutes are provided in Section 3 below. The original reports which include a link to the National Report can be accessed on the Council's website.

3. Minutes of Meetings

- 3.1 There had been circulated Report No RES/39/15 dated 14 May 2015 by the Director of Finance which commented on and provided a recommendation from the National Report in respect of the Council's borrowing and treasury management activity.

During discussion, Members raised the following issues:-

- caution should be taken when interpreting officers' advice that had been simplified;
- training on treasury management would be provided later on in the year to improve Members' understanding and ability to scrutinise officers' advice;
- in addition to the response given at paragraph 2.3.2 to the report, financial training which included elements of treasury management had

been provided last year; and

- further to the response in paragraph 2.2.5 of the report, joint planning in order to negotiate with training providers was being undertaken with Moray Council and Argyll and Bute Council.

The Committee:-

- I. **NOTED** the findings of the Audit Scotland National Report on Borrowing and Treasury Management;
 - II. **NOTED** that the Highland Council already complied with the majority of the recommendations; and
 - III. **AGREED** that future Treasury Management Reports contain reference to the on-going revenue budget implications of the Capital Plan.
- 3.2 There had been circulated Report No RES/80/15 dated 14 August 2015 by the Director of Finance which provided information about the council's general approach to the prevention and detection of fraud and error and details performance for Audit Scotland's biennial National Fraud Initiative 2012/13 and so far, for the 2014/15 exercise.

The Committee **NOTED**:-

- I. the council's counter-fraud approach;
- II. the NFI process and timetable for data uploads, data matches and investigations;
- III. investigations arising from, and outcomes derived, from these initiatives; and
- IV. the estimated additional income arising from the Council Tax Single Occupancy Discount review.

Members are asked to note that with the introduction of the new Corporate Fraud Team, details of which have been provided within the Internal Audit Reviews and Progress report at agenda item 4, future NFI activity will be reported directly to the Audit & Scrutiny Committee.

4. Implications

- 4.1 There are no Legal, Equalities, Climate Change/ Carbon Clever, Risk, Gaelic or Rural implications arising from this report. Future NFI work will be undertaken by the 2 members of staff who have transferred to the Corporate Fraud Team and so there should be no further resource implications.

Recommendation

Members are invited to consider the action being taken by the respective Committees to address Audit Scotland's National Reports and whether this provides sufficient assurance that appropriate action has been taken to address the report findings.

Designation: Head of Audit & Risk Management

Date: 11th September 2015

Author: Donna Sutherland, Audit & Risk Manager

Background Papers: