

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Confero and in Committee Room 1, Council Offices, Almada Street, Hamilton on 22 August 2023

Chair:

Councillor Elaine McDougall

Councillors Present:

Councillor Colin Dewar (*substitute for Councillor Fulton*); Councillor Mary Donnelly (*Depute*); Councillor Ross Gowland; Councillor Cal Johnston-Dempsey; Councillor Gavin Keatt (*substitute for Councillor Mathew Buchanan*); Councillor Susan Kerr; Councillor Richard Lockhart

Councillors' Apologies:

Councillor Mathew Buchanan, Councillor Alistair Fulton; Councillor Celine Handibode

Attending:

Finance and Corporate Resources

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; E-A McGonigle, Administration Officer; A Norris, Administration Assistant

Also Attending:

Audit Scotland

M Ferris and R Brough-Mitchell, External Auditors

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 27 June 2023 were submitted for approval as a correct record.

The Committee decided: that the minutes be approved as a correct record.

3 Internal Audit Activity as at 4 August 2023

A report dated 4 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 10 June to 4 August 2023.

Findings from internal audit assignments were reported to this Committee throughout the year and the last progress report was considered by this Committee on 27 June 2023. Key performance indicators, which reflected quality, on time and within budget as at 30 June 2023, were summarised in Appendix 1 to the report. A list of all assignments completed in the period 10 June to 4 August 2023, together with a summary of overall assurances for each area of work, was provided in Appendix 2 to the report. As at 30 June 2023, 6% of the 2023/2024 Audit Plan was completed to draft report stage and a further 18 assignments were in progress at that date.

The Council formed part of the Glasgow City Region City Deal which funded a range of capital projects within South Lanarkshire. At the August 2023 meeting of the Cabinet, audit reports had been presented on:-

- ◆ Internal Audit Review - Programme, Skills, Knowledge and Experience Arrangements
- ◆ Internal Audit Annual Report and Annual Governance Statement 2022/2023

The Internal Audit Annual Report and Annual Governance Statement for 2022/2023 provided a positive audit opinion for the year ended 31 March 2023 based on the work that had been undertaken and the assurances provided by member authorities. A link to the reports was provided in the report.

Updates were also provided on:-

- ◆ the Public Sector Internal Audit Standards (PSIAS) external review which had been concluded. The formal output would be reported to the next meeting of the Committee
- ◆ progress against the Audit Strategy which was a requirement of the PSIAS. Delivery of the 2023/2024 Strategy had been evidenced by the completion of the Internal Audit Plan in year, and monitored during the year by performance indicators which were regularly reported to the Committee

The Committee decided: that the report be noted.

[Reference: Minutes of 27 June 2023 (Paragraph 6)]

Councillor Gowland entered the meeting during consideration of the above item of business

4 Fraud Statistics Annual Report 2022/2023

A report dated 1 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the year to 31 March 2023 and comparing those figures with the previous year's statistics.

The number, types, outcomes and costs of fraud investigations, together with performance measures for the year to 31 March 2023, were detailed in the report. A comparison to the statistics for the same period in the previous year was also provided. Those statistics highlighted that:-

- ◆ 36 fraud investigations, with a total value of £11,000, had been reported in the period, representing a decrease in both number and value from the previous year
- ◆ the majority of cases closed in the period were founded and related to thefts
- ◆ one case related to a theft by a South Lanarkshire Council employee which was investigated and passed to Personnel Services so that appropriate action could be taken under the Council's disciplinary procedures

On conclusion of all internal investigations, an assessment would be made on whether improvement actions were necessary. If required, an improvement plan would be issued with recommended actions. The plan would be agreed with the relevant Heads of Service and the actions followed up by Internal Audit to ensure implementation and that gaps had been addressed. Outcomes for concluded investigations would be reported to this Committee as part of Internal Audit's annual assurance report.

The Audit and Compliance Manager responded to a member's question in relation to a failure in internal control which was investigated by Internal Audit.

The Committee decided: that the report be noted.

[Reference: Minutes of 27 September 2022 (Paragraph 6)]

5 Year End Insured Risk Report 2022/2023

A report dated 4 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2023 for the following main classes of insurance:-

- ◆ combined liability (covering both public liability and employer's liability)
- ◆ motor insurance
- ◆ property insurance and other miscellaneous risks

Appendix 1 to the report provided annual comparisons of the numbers and values of claims by Resources for the years 2018/2019 to 2022/2023. The comparison showed an overall downward trend in the number of claims. Claims costs had fluctuated over the last 5 years. On average, over that period, the self-insured cost of claims per annum was £2.157 million, however, the costs for 2022/2023 were above average at £2.475 million. The figures for 2022/2023 had been impacted by a single event property claim loss for escape of water and burst pipes due to severe cold weather in December 2022.

Appendix 2 to the report compared claim numbers and costs for 2022/2023, at 31 March 2023, with the equivalent position for 2021/2022. This showed an increase of 57 claims (7%) on the numbers reported in 2021/2022 and an increase in the cost of claims from £2.242 million in 2021/2022 to £2.475 million in 2022/2023. This represented an increase of £0.233 million (10%) which was a result of the estimated cost of property, motor and employer's liability claims increasing, with the position being offset by reduced estimated costs for public liability claims.

Appendix 3 to the report provided a further breakdown of public liability claims and costs specifically for Roads and other services within Community and Enterprise Resources.

Information was also provided on:-

- ◆ the areas of work which had been progressed over the last year to mitigate insurance hotspots
- ◆ claim highlights for the year
- ◆ positive risk management activity aimed at reducing the number and cost of claims

The Insurance and Risk Management Adviser responded to members' questions on various aspects of the report.

The Committee decided:

- (1) that the Insured Risks Report for the year ended 31 March 2023 be noted; and
- (2) that ongoing work to identify and mitigate insurance hotspots, as detailed in section 9 of the report, be noted.

[Reference: Minutes of 27 September 2022 (Paragraph 5)]

6 Forward Programme for Future Meetings

A report dated 1 August 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 24 September 2024.

As part of future arrangements, members were invited to suggest topics for inclusion in the Committee's forward programme.

The Committee decided: that the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 24 September 2024 be noted.

[Reference: Minutes of 27 June 2023 (Paragraph 9)]

7 Urgent Business

There were no items of urgent business.