

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 5, Council Offices, Almada Street, Hamilton on 3 June 2010

Chair:

Councillor Graeme Horne

Councillors Present:

John Anderson, Graeme Campbell, Maureen Devlin, Jean McKeown, Alice Marie Mitchell, George Sutherland

Councillors' Apologies:

Lynn Filshie, Brian McKenna

Attending:

Corporate Resources

H Black, Improvement Manager; P MacRae, Administration Officer; A Norris, Administration Assistant; D Wilson, Head of Administration Services

Finance and Information Technology Resources

L Hardie, Executive Director; J Allan, Risk and Audit Manager

Also Attending:

PricewaterhouseCoopers

C Revie and M Ulyatt, 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 Forum held on 27 April 2010 were submitted for approval as a correct record.

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

3 Internal Audit Annual Assurance Report 2009/2010

A report dated 20 April 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on:-

- ◆ the progress of Internal Audit against the Internal Audit Annual Plan for 2009/2010
- ◆ the opinion of Internal Audit on the strength of the Council's control environment

Details were given on:-

- ◆ Internal Audit performance
- ◆ management of fraud risks
- ◆ financial controls and findings
- ◆ operational controls and findings
- ◆ Council-wide performance

The number of productive audit days achieved had been 2357 days, 5% higher than planned. 92% of the agreed Plan had been delivered and 17 additional routine and follow-up assignments had been completed. In addition, 81% of draft reports had been delivered within 21 days of completing fieldwork and 73% of jobs had been delivered within the estimated time period.

Overall, a good level of control had been demonstrated across the Council's main financial systems and key areas for improvement had been identified.

Audit work during 2009/2010 had demonstrated an improvement in overall operational control. Although there were still improvements to be made in delivery of audit recommendations, procurement, information governance and exercise of internal controls at local levels, the level of assurance over operational risk was considered adequate.

The following areas for improvement were highlighted:-

- ◆ reporting on the recovery of benefits overpayments
- ◆ clearance of client disputed repair accounts by the end of the financial year

The Forum decided:

- (1) that it be noted that Internal Audit performance during 2009/2010 had fallen slightly short of target;
- (2) that the good level of assurance for financial controls be noted;
- (3) that the adequate level of assurance for operational controls be noted; and
- (4) that it be noted that the overall findings from Internal Audit work would be incorporated into the Council's 2009/2010 Annual Governance Statement.

4 South Lanarkshire Council Annual Governance Statement for 2009/2010 and Year-End Good Governance Action Plan Update

A report dated 13 April 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on:-

- ◆ the Annual Governance Statement for 2009/2010
- ◆ the year-end Good Governance action plan

During 2009/2010, the Good Governance Working Group had progressed delivery of the Good Governance action plan which included improvement actions from the 2008/2009 Statement.

The framework for and the information collated in support of the 2009/2010 Statement were detailed in Appendix 1 to the report.

The Statement of Governance and Internal Control for 2009/2010 was attached as Appendix 2 to the report and included details of the previous year's improvement actions together with actions for the current year, 2010/2011.

The final year-end action plan update was attached as Appendix 3 to the report. It provided an outline of progress made during 2009/2010 and highlighted actions still being progressed. Those actions had been added to the 2010/2011 Good Governance action plan.

The Forum decided:

- (1) that the Annual Governance Statement be endorsed for inclusion in the Council's 2009/2010 Annual Report;
- (2) that it be noted that the Annual Governance Statement would be submitted to a future meeting of the Executive Committee; and
- (3) that the Good Governance year-end action plan be noted.

[Reference: Minutes of 27 April 2010 (Paragraph 8)]

5 Best Value and Community Planning Follow-up Report

A report dated 13 May 2010 by the Executive Director (Finance and Information Technology Resources) was submitted together with a report from PricewaterhouseCoopers, the Council's external auditor, on follow-up work undertaken to review progress made by the Council following the Audit of Best Value and Community Planning by Audit Scotland in 2008.

The report considered the progress made by the Council towards addressing the issues highlighted in the Best Value report.

Of the 14 recommendations made by Audit Scotland, 10 were considered to be fully implemented and 4 were considered to be partially implemented. Members requested further information on improvement Item 12, regarding customer satisfaction across the Council's 4 main geographic areas, specifically where it related to play areas. The Head of Administration Services advised that a short-life Member/Officer Task and Finish Group had recently been established to address this issue.

Overall, PricewaterhouseCoopers noted that the Council had shown considerable commitment in addressing the Improvement Agenda items.

The Forum decided: that the report be noted.

6 Revision of Anti-Fraud and Corruption Strategies, Policies and Procedures

A report dated 7 May 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on:-

- ◆ amendments to the existing Anti-Fraud Strategy, Fraud Response Plan and Whistleblowing Procedures for Third Parties
- ◆ new Investigative Protocols and Procedures developed by Internal Audit

The Better Governance Forum, in conjunction with the Association of Local Authority Risk Managers, had prepared best practice guidance on combating the risk of fraud in public authorities. This guidance was known as the 'Red Book II'.

The Internal Audit section had assessed the Council's compliance with this guidance and prepared a gap analysis and action plan. Included within the action plan were 4 actions relating to the preparation of new and updated anti-fraud and corruption strategies, policies and procedures.

Details were given on the key changes to the existing Anti-Fraud Strategy, Fraud Response Plan and Whistleblowing Policy for Third Parties to reflect good practice guidance. In addition, new Investigative Protocols and Procedures had been produced which provided guidance on how to conduct a fraud investigation.

A review of Fraudline 2, the Council's external whistle-blowing telephone line, would be undertaken to ascertain its effectiveness.

The Forum decided: that the revised Anti-Fraud Strategy, Fraud Response Plan, Whistleblowing Policy for Third Parties documents and the new Investigative Protocols and Procedures be endorsed.

7 Audit Scotland - Annual Overview of Local Government in Scotland 2009

A report dated 1 April 2010 by the Executive Director (Finance and Information Technology Resources) was submitted on Audit Scotland's report entitled "An Overview of Local Government in Scotland 2009".

The main issues highlighted in the report had been split into the following areas:-

- | | |
|--|--------------------------------------|
| ♦ using resources | ♦ the views of citizens |
| ♦ workforce | ♦ enhancing the lives of individuals |
| ♦ assets | ♦ protecting communities |
| ♦ procurement | ♦ enhancing local neighbourhoods |
| ♦ delivering outcomes in partnership | ♦ economy |
| ♦ performance management and reporting | ♦ improving the environment |

The main issues raised by Audit Scotland in respect of each of those areas were summarised in the report. In addition, information in relation to the Council's position on each point was provided.

The Forum decided: that the report be noted.

[Reference: Minutes of Executive Committee of 28 April 2010 (Paragraph 14)]

8 Forward Programme for Future Meetings

A report dated 18 May 2010 by the Executive Director (Corporate Resources) was submitted on the outline forward programme of meetings of the Risk and Audit Scrutiny Forum to December 2010.

The Forum decided:

- (1) that the outline forward programme for the Risk and Audit Scrutiny Forum, attached as an appendix to the report, be noted; and
- (2) that the opportunity for members to suggest topics for inclusion in the Forum's forward programme be noted.

9 Urgent Business

There were no items of urgent business.