

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 14 June 2017

Chair:

Councillor Poppy Corbett (*after item 2*)

Councillors Present:

Janine Calikes (*substitute for Councillor Horsham*), Mary Donnelly, Julia Marrs, Lynne Nailon (*substitute for Councillor Campbell*), Carol Nugent, Jim Wardhaugh

Councillors' Apologies:

Graeme Campbell, Andy Carmichael, George Greenshields, Mark Horsham, Margaret B Walker

Attending:

Finance and Corporate Resources

Y Douglas, Audit and Compliance Manager; P MacRae, Administration Officer; G McCann, Head of Administration and Legal Services; J Taylor, Head of Finance (Strategy)

Also Attending:

Audit Scotland

F Mitchell-Knight, D Richardson and R Smith, External Auditors

Interim Chair

The Clerk acted as Chair of the meeting until the appointment of the Chair.

1 Declaration of Interests

No interests were declared.

2 Appointment of Chair

The Clerk advised of the requirement to appoint a member of the Risk and Audit Scrutiny Forum to the position of Chair.

The Forum decided:

- (1) that Councillor Campbell be appointed Chair of the Risk and Audit Scrutiny Forum; and
 - (2) that, in terms of Standing Order No 5(b) of the Council's Standing Orders on Procedures, Councillor Corbett be appointed Chair for this meeting.
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3 Internal Audit Activity as at 26 May 2017

A report dated 31 May 2017 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 14 January to 26 May 2017.

Details were given on the progress of audit assignments and the performance of Internal Audit which highlighted that:-

- ◆ 80% of assignments had been delivered within budget against a target of 80%
- ◆ 88% of draft reports had been delivered on time against a target of 80%
- ◆ 73% of the 2017/2018 Quarter 1 Internal Audit Plan had been started
- ◆ 92% of Internal Audit recommendations had been delivered on time against a target of 90%
- ◆ 86% of clients had agreed findings and actions within 4 weeks of issue of a draft report against a target of 80%

The findings from assignments completed in the period 14 January to 26 May 2017 were detailed in Appendix 2 to the report. Significant assignments completed in the period were detailed in Appendices 3 and 4 to the report.

It was proposed to delay work on the following 3 assignments until 2017/2018 for the reasons detailed in the report:-

- ◆ e-invoicing
- ◆ fraud and error service – overpayment follow up
- ◆ mobile devices – Social Work Resources

The Forum decided:

- (1) that the report be noted; and
- (2) that the amendments to the 2016/2017 Audit Plan be endorsed.

[Reference: Minutes of 31 January 2017 (Paragraph 3)]

4 Annual Governance Statement for 2016/2017 and Quarter 4 - Year End Report

A report dated 15 May 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the Governance Statement for 2016/2017 and the Good Governance Action Plan Quarter 4 end of year report.

Each year, the Council undertook a review of the governance arrangements required to support its financial and operational controls. This review provided the basis for the Annual Governance Statement which was included in the Council's Annual Report and Statement of Accounts.

The annual review for 2016/2017 had been undertaken using an assessment framework which included 20 areas of review, as detailed in Appendix 1 to the report. The resulting Annual Governance Statement for 2016/2017, attached as Appendix 2 to the report, provided information on the Council's compliance during 2016/2017. The opinion of Internal Audit was that a good level of assurance could be placed on the Council's financial control environment and an adequate level of assurance on the Council's operational control environment.

Details of progress on improvement actions in 2016/2017, together with improvement actions identified for the 2017/2018 financial year, were provided in the Quarter 4 Good Governance Action Plan end of year update, included in Appendix 3 to the report.

The Governance Statement for 2016/2017 would be considered by the Executive Committee at its meeting to be held on 28 June 2017.

The Forum decided:

- (1) that it be noted that the Annual Governance Statement would be included in the Council's Annual Report and Statement of Accounts for 2016/2017; and
- (2) that progress on the Good Governance Action Plan at Quarter 4 be noted.

[Reference: Minutes of 31 May 2016 (Paragraph 4)]

5 Interim Audit Report for Year Ended 31 March 2017

An interim audit report dated June 2017 by Audit Scotland, the Council's external auditor, was submitted detailing the findings of Audit Scotland's interim audit of the Council for 2016/2017.

The external auditor detailed key findings in relation to the following areas of audit work:-

- ♦ approval of journal entries
- ♦ confirmation of payroll standing data
- ♦ status of the Risk and Audit Scrutiny Forum

The management responses in relation to the external auditor's findings on each of those areas of work were detailed in the report. In relation to the issues identified regarding the Risk and Audit Scrutiny Forum, the Head of Finance (Strategy) advised of the Council's proposal to review current arrangements against best practice and to report the outcome to a future meeting of South Lanarkshire Council.

The external auditor also advised of other audit work and discussions undertaken in relation to issues including:-

- ♦ decluttering of the 2016/2017 accounts
- ♦ charities update

The external auditor and officers responded to members' questions on various aspects of the report.

The Forum decided: that the external auditor's interim audit report for 2016/2017 be noted.

6 Urgent Business

There were no items of urgent business.