

## **RISK AND AUDIT SCRUTINY FORUM**

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 31 January 2017

**Chair:**

Councillor Gladys Miller

**Councillors Present:**

Ralph Barker, Walter Brogan, John Cairney, Peter Craig, Isobel Dorman, Pat Lee, Brian McKenna

**Councillors' Apologies:**

Susan Kerr, Lesley McDonald

**Attending:**

**Finance and Corporate Resources**

P Manning, Executive Director; Y Douglas, Audit Manager; S Dunsmore, Insurance and Risk Manager; T Little, Head of Communications and Strategy; P MacRae, Administration Officer; G McCann, Head of Administration and Legal Services; A Murray, Community Planning and Governance Adviser; J Taylor, Head of Finance (Strategy)

**Also Attending:**

**Audit Scotland**

R Smith, External Auditor

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### **1 Declaration of Interests**

No interests were declared.

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### **2 Minutes of Previous Meeting**

The minutes of the meeting of the Risk and Audit Scrutiny Forum held on 8 November 2016 were submitted for approval as a correct record.

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

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### **3 Internal Audit Activity as at 13 January 2017**

A report dated 16 January 2017 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 22 October 2016 to 13 January 2017.

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

- ◆ 74% of assignments had been delivered within budget against a target of 80%
- ◆ 86% of draft reports had been delivered on time against a target of 80%
- ◆ 86% of the 2016/2017 Internal Audit Plan had been started
- ◆ 73% of audit assignments had been concluded to a signed action plan within 4 weeks of the issue of a draft report against a target of 80%
- ◆ 91% of Internal Audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 22 October 2016 to 13 January 2017 were detailed in Appendix 2 to the report.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of 8 November 2016 (Paragraph 4)]*

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#### **4 Good Governance Action Plan 2016/2017 - Quarter 2 Progress Report**

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A report dated 21 December 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Good Governance Action Plan for 2016/2017.

The 2016/2017 Good Governance Action Plan highlighted improvement areas which had been identified through the annual governance assessment. The Action Plan had been developed in parallel with, and informed, the Governance Statement which was included in the Annual Accounts. The Quarter 2 Update of the Good Governance Action Plan 2016/2017, attached as an appendix to the report, was based on the IMPROVe performance management reporting system and provided details of the governance control measures and actions undertaken by Resources. The monitoring system was traffic light based, with red, amber, green and 'to be reported later' categories. Of the 57 control measures identified, 55 had been categorised as green and 2 would be reported later.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of 8 November 2016 (Paragraph 5)]*

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#### **5 Review of the Council's Top Risks**

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A report dated 28 December 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the outcome of a review of the Council's top risks.

Details were given on the process for, and results of, the 2016 annual review of the Council's top risks.

Following the review, some risks had been merged or realigned into wider risk themes which reflected more accurately the priorities and objectives contained in Connect, the Council Plan. As a result of merging some risks, "Effects of New and Amended Legislation" had been reintroduced as one of the Council's top 20 risks.

Details of the revised top 20 risks, in ranking order with both the inherent and residual risk scores, together with examples of associated risk controls and an assessment of the adequacy of controls, were given in Appendix 1 to the report.

The Council's overall risk exposure for 2016/2017 had shown a deterioration on the position for 2015/2016, however, this was largely due to the merging of some risks and one lower level risk being deleted from the top risk register.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of 19 January 2016 (Paragraph 7)]*

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## **6 Insurance Claims - 1 April to 30 September 2016**

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A report dated 28 December 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims from 1 April to 30 September 2016 for the following 4 main classes of insurance:-

- ◆ employer's liability
- ◆ public liability
- ◆ motor insurance
- ◆ property insurance

The overall number of claims received from the 4 main classes of insurance in the period between 1 April and 30 September 2016 was 468, a reduction of 27 compared with the figures for the same period in the previous year. The estimated value of those claims was £793,000, a reduction of £314,000 on the value of claims intimated for the same period in 2015.

Details were given on measures in place and mitigating actions proposed to manage insurance hotspots.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of 19 January 2016 (Paragraph 5)]*

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## **7 Performance and Review Scrutiny Forum Annual Update**

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A report dated 15 November 2016 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Performance and Review Scrutiny Forum in the period from January to December 2016.

A report on the business considered by the Performance and Review Scrutiny Forum would continue to be submitted to the Risk and Audit Scrutiny Forum on an annual basis.

**The Forum decided:** that the report be noted.

*[Reference: Minutes of 19 January 2016 (Paragraph 8)]*

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## **8 Audit Scotland - Financial Overview 2015/2016**

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A report dated 28 December 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland report entitled 'Financial Overview 2015/2016' which had been published in November 2016.

The report had been structured around the following 2 headings:-

- ◆ income and spending
- ◆ financial outlook

Details were given on key points contained in the Audit Scotland report. The report also included a number of questions which Audit Scotland had intimated should be considered by elected members. The questions, which covered a variety of issues, together with the Council's position on each of the areas identified, were detailed in Appendix 1 to the Executive Director's report.

Officers responded to members' questions on various aspects of the report.

**The Forum decided:**

- (1) that the key points contained in the Audit Scotland report entitled 'Financial Overview 2015/2016' be noted; and
- (2) that the issues identified by Audit Scotland for consideration by elected members and the Council's position on each of those issues be noted.

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## **9 Corporate Governance - Review of the Adequacy of Internal Audit**

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A letter dated 7 December 2016 by Audit Scotland, the Council's External Auditor, was submitted on the External Auditor's assessment of the adequacy of the Council's Internal Audit function for 2016/2017.

The objectives of the assessment were to:-

- ◆ establish the effectiveness of Internal Audit arrangements as part of the Council's wider governance arrangements
- ◆ identify areas of Internal Audit work on which formal reliance could be placed in terms of Internal Standard on Auditing 610

Details were given on the areas of Internal Audit's work on which Audit Scotland planned to place formal reliance in relation to:-

- ◆ financial statements
- ◆ governance and performance

Audit Scotland would also:-

- ◆ consider the outcome of the external review of Internal Audit's compliance with the Public Sector Internal Audit Standards to ensure that no issues were identified which would impact on their ability to place reliance on the work of Internal Audit
- ◆ continue to monitor and review completed Internal Audit assignments to ensure that work on which it was intended to place reliance had been delivered

**The Forum decided:** that the information be noted.

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## **10 Urgent Business**

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There were no items of urgent business.