

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Confero and in Committee Room 1, Council Offices, Almada Street, Hamilton on 30 January 2024

Chair:

Councillor Elaine McDougall

Councillors Present:

Councillor Mary Donnelly, Councillor Alistair Fulton, Councillor Ross Gowland, Councillor Cal Johnston-Dempsey, Councillor Susan Kerr

Councillors' Apologies:

Councillor Mathew Buchanan, Councillor Celine Handibode, Councillor Richard Lockhart

Attending:

Chief Executive's Service

P Manning, Chief Executive

Finance and Corporate Resources

Y Douglas, Audit and Compliance Manager; T Little, Head of Communications and Strategy; E-A McGonigle, Administration Officer; A Norris, Administration Assistant

Also Attending:

Audit Scotland

M Ferris, External Auditor

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 31 October 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 12 January 2024

A report dated 14 January 2024 by the Chief Executive was submitted on work completed by Internal Audit during the period 14 October 2023 to 12 January 2024.

Findings from internal audit assignments were reported to this Committee throughout the year and the last progress report was considered by this Committee on 31 October 2023. Key performance indicators, which reflected quality, on time and within budget as at 31 December 2023, were summarised in Appendix 1 to the report.

As at 31 December 2023, 9% of the 2023/2024 Audit Plan was completed to draft report stage and a further 28 assignments were in progress at that date. In the reporting period, all elements of the Audit Plan had been progressed with a continued focus on the National Fraud Initiative (NFI), investigative activities and external client audit plans. Alongside this, there had been a significant time commitment to the implementation of Oracle Fusion, a cloud based human resources and financial management system within the Council. Internal Audit would continue to provide resources to assist with the implementation of Oracle Fusion through to 31 March 2024. Updates would continue to be provided to the Committee in the Internal Audit Activity report.

An update was also provided on progress against the Audit Strategy which was a requirement of the Public Sector Internal Audit Standards (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 Audit and Compliance Manager responded to a member's question in relation to delivery of the remaining assignments in the 2023/2024 Audit Plan.

The Committee decided: that the report be noted.

[Reference: Minutes of 31 October 2023 (Paragraph 7)]

4 Fraud Statistics 6 Monthly Update 2023/2024

A report dated 12 January 2024 by the Chief Executive was submitted on fraud statistics for the 6 month period to 30 September 2023.

Details were given on the number, types, outcomes and costs of fraud investigations, together with performance measures for the 6 month period to 30 September 2023. A comparison with the statistics for the same period in 2022 was also provided. The fraud statistics for the 6 month period to September 2023 highlighted that:-

- ◆ 68 investigations, with a total value of £27,000, had been reported in the period, representing an increase in number from the same period in 2022
- ◆ of the 204 open cases, 47, valued at £33,000, had been closed within the period, representing an increase when compared to the closed investigations for the same period in 2022
- ◆ 23% of cases closed in the period were founded and one of those involved a Council employee
- ◆ all but one of the founded cases related to fraud committed by a third party

Referrals from the Department for Work and Pensions (DWP) had been removed from the statistics to ensure that the caseload reflected only those cases where a potential fraud had been identified by the Council. In the 6 months to 30 September 2023, there were 5 further referrals from the DWP. In the same period, the DWP had closed 6 referral cases with no outcome because of time delays and a further 3 on the basis that no fraud had been proven.

Costs had been incurred by Internal Audit in the period to 30 September 2023 in relation to 2 investigations. Time to complete those investigations would be required in the remainder of 2023/2024. Time, budgets and target completion timescales for investigations were set at the start of each audit and would vary depending on the nature of the investigation. Those timescales could be extended to reflect other Service priorities although every effort was made to complete work within a reasonable timeframe.

On conclusion of all internal investigations, an assessment was made on whether an improvement action was necessary and, if required, an improvement plan would be issued containing recommended actions. Improvement plans were agreed with the relevant Heads of Service and the actions followed up by Internal Audit to ensure implementation and that gaps in controls had been addressed. Outcomes for concluded investigations would be reported to the Committee as part of Internal Audit's Annual Assurance report.

The Council's Serious and Organised Crime (SOC) Working Group progressed the delivery of various actions which would be revised if new or emerging threats were identified through the pan Lanarkshire Multi Agency SOC Group. Updates would be presented to the Committee periodically.

In addition to the Internal Audit work captured in the statistics contained within the report, the following 3 areas of fraud related work were included in the 2023/2024 Audit Plan:-

- ◆ National Fraud Initiative (NFI) – coordinating investigation of matches from the 2022 NFI exercise
- ◆ anti-fraud checks – a rolling programme, including, but not limited to, procurement, petty cash and purchase cards
- ◆ fraud – reacting to fraud alerts through internal and external sources and disseminating information as required and undertaking investigations as required

A report had been presented to the Committee in June 2023 on the results of the NFI matching exercise and the target investigations that had to be undertaken. Good progress had been made with investigations and it was planned that those would be concluded by 31 March 2024. In addition, investigative work had continued throughout the year, however, progress with anti-fraud checks had been impacted by the re-direction of resources to the Oracle Fusion project. Some limited time to complete routine anti-fraud checks would be allocated before the end of the financial year.

The Audit and Compliance Manager responded to members' questions on various aspects of the report and, where information was not immediately available, undertook to provide this to the relevant members.

The Committee decided: that the report be noted.

[Reference: Minutes of 7 March 2023 (Paragraph 6) and 27 June 2023 (Paragraph 7)]

5 Performance and Review Scrutiny Forum Annual Update

A report dated 20 December 2023 by the Chief Executive was submitted on reports considered by the Performance and Review Scrutiny Forum in the period from January to December 2023.

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

The Committee decided: that the report be noted.

[Reference: Minutes of 6 December 2022 (Paragraph 7)]

6 Forward Programme for Future Meetings

A report dated 8 January 2024 by the Chief Executive was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 18 February 2025.

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 18 February 2025 be noted.

[Reference: Minutes of 31 October 2023 (Paragraph 10)]

7 Urgent Business

There were no items of urgent business.