

## RISK AND AUDIT SCRUTINY FORUM

Minutes of special meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 20 September 2016

**Chair:**

Councillor Gladys Miller

**Councillors Present:**

Ralph Barker, Walter Brogan, John Cairney, Peter Craig, Isobel Dorman, Susan Kerr, Pat Lee, Lesley McDonald

**Councillor's Apology:**

Brian McKenna

**Attending:****Finance and Corporate Resources**

Y Douglas, Audit Manager; P MacRae, Administration Officer; C McGhee, Audit Adviser; J Taylor, Head of Finance (Strategy)

**Also Attending:****PricewaterhouseCoopers**

G Collin, External Auditor

---

**1 Declaration of Interests**

---

No interests were declared.

---

**2 Internal Audit Activity as at 5 September 2016**

---

A report dated 7 September 2016 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 6 August to 5 September 2016.

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

- ◆ 67% of assignments had been delivered within budget against a target of 80%
- ◆ 98% of draft reports had been delivered on time against a target of 80%
- ◆ 65% of the 2016/2017 Internal Audit Plan had been started
- ◆ 68% 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%
- ◆ 100% of Internal Audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 6 August to 5 September 2016 were detailed in Appendix 2 to the report. A significant assignment completed in the period was detailed in Appendix 3 to the report.

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

*[Reference: Minutes of 30 August 2016 (Paragraph 3)]*

---

### **3 Fraud Statistics Annual Report 2016**

A report dated 24 August 2016 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the year to 31 March 2016 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 2016, were detailed in the appendices to the report. A comparison to the statistics for the same period in 2014/2015 was also provided. The fraud statistics for 2015/2016 highlighted that:-

- ◆ 126 fraud concerns with a total value of £489,000 had been identified during the year to 31 March 2016, representing an increase in both number and value from 2014/2015
- ◆ 88% of cases investigated were founded
- ◆ 74% of founded cases related to benefit fraud or fraud committed by a third party

A total of 100 days had been allocated within the 2015/2016 Internal Audit Plan for corporate fraud work.

An action plan for 2015/2016 on the management of fraud risk, based on the latest CIPFA guidance, Fraud Risk Evaluation Diagnostic 2 (FRED 2), was attached as Appendix 3 to the report. The action plan also provided an update on progress against each action.

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

*[Reference: Minutes of 22 September 2015 (Paragraph 5)]*

---

### **4 Appointment of New External Auditors 2016 to 2021**

A report dated 31 August 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's newly appointed external auditor.

The Council's Annual Accounts were subject to audit each year and, for the 5 year period 2011 to 2016, this audit work had been carried out by PricewaterhouseCoopers. The appointed auditors rotated their clients every 5 years and, following a recent tender process, Audit Scotland had been appointed as the Council's auditors for the 5 year period 2016 to 2021.

A document providing information on Audit Scotland's work, principles and management team was attached as an appendix to the report.

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

---

### **5 Efficiency Savings 2015/2016**

A report dated 7 September 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Efficiency Savings figure for 2015/2016.

As part of the Scottish Government's efficiency agenda, councils had been asked to return information on efficiencies generated in the year.

The level of savings achieved across all Resources for 2015/2016 was £10.233 million. This figure did not match the level of approved savings totalling £15.221 million as the efficiency savings figure did not meet the definition when applied to Resource savings. The efficiency savings did, however, include efficiencies achieved through improved procurement practices and efficiencies identified by the Lanarkshire Valuation Joint Board.

The Council continued to recognise the ongoing requirement to demonstrate efficiency, with continuous improvement remaining a key principle of Best Value.

The Efficiency Statement, which was attached as an appendix to the report, had been forwarded to the Scottish Government by the due date of 19 August 2016.

**The Committee decided:** that the Efficiency Savings figure of £10.233 million for 2015/2016, which had been submitted to the Scottish Government by the due date of 19 August 2016, be noted.

*[Reference: Minutes of the Executive Committee of 7 September 2016 (Paragraph 17)]*

---

## 6 External Audit Opinion and Annual Audit Findings 2015/2016

---

A report dated September 2016 by PricewaterhouseCoopers, the Council's external auditor, was submitted providing an overview of the audit of the Council's 2015/2016 financial statements.

Details were given on the following areas:-

- |  |                                   |
|--|-----------------------------------|
| ♦ executive summary                        | ♦ best value and performance      |
| ♦ significant audit and accounting matters | ♦ governance and internal control |
| ♦ financial standing                       | ♦ fraud                           |
|  | ♦ independence                    |

The external auditor's opinion on the Council's financial statements for the year ended 31 March 2016 was unqualified.

In response to a member's question about the reference to compulsory redundancies in the section of the report by PricewaterhouseCoopers on exit packages, the external auditor:-

- ♦ acknowledged the Council's commitment to avoiding compulsory redundancies
- ♦ confirmed that the reference related to redundancies
- ♦ advised that the wording would be clarified with Audit Scotland

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

*[Reference: Minutes of 22 September 2015 (Paragraph 8)]*

---

## 7 Forward Programme for Future Meetings

---

A report dated 6 September 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meeting of the Risk and Audit Scrutiny Forum to 31 January 2017.

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

**The Forum decided:** that the outline forward programme for the Risk and Audit Scrutiny Forum to 31 January 2017 be noted.

---

## 8 Urgent Business

---

There were no items of urgent business.