

## RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 24 April 2019

**Chair:**

Councillor Graeme Campbell

**Councillors Present:**

Councillor Poppy Corbett, Councillor Maureen Devlin, Councillor Isobel Dorman (*substitute for Councillor Mary Donnelly*), Councillor Mark Horsham, Councillor Julia Marrs, Councillor Margaret B Walker

**Councillors' Apologies:**

Councillor Mary Donnelly, Councillor Martin Lennon, Councillor Carol Nugent, Councillor Jim Wardhaugh

**Attending:**

**Finance and Corporate Resources**

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

**Also Attending:**

**Audit Scotland**

A Kerr and D Richardson, 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 Committee held on 6 February 2019 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 3 April 2019

A report dated 3 April 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the work completed by Internal Audit during the period 17 January to 3 April 2019.

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

- ◆ the target of 80% of assignments delivered within budget had been achieved
- ◆ 82% of draft reports had been delivered on time against a target of 80%
- ◆ all routine assignments within 2018/2019 had been completed to draft stage
- ◆ 94% 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 17 January to 3 April 2019 were detailed in Appendix 2 to the report.

Following a review of the current year's Audit Plan, it was proposed to delay work on the following 2 audit assignments until 2019/2020 for the reasons detailed in the Executive Director's report:-

- ♦ waste contract audit 2018/2019
- ♦ follow up additional support needs (ASN) taxi provision

Officers responded to a member's questions on various aspects of the report.

**The Committee decided:**

- (1) that the performance of the Internal Audit Service and the progress of assignments in the period 17 January to 3 April 2019 be noted; and
- (2) that the proposed amendments to the Internal Audit Plan 2018/2019 be approved.

*[Reference: Minutes of 6 February 2019 (Paragraph 4)]*

---

#### **4 Internal Audit Plan 2019/2020**

---

A report dated 8 April 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the Internal Audit Plan 2019/2020.

A total of 1,184 audit days, inclusive of days which had been allocated to external clients, had been provided for in the Plan. The proposed Internal Audit Plan, which included a brief outline scope for each proposed assignment, was attached as Appendix 2 to the report.

The content of the Audit Plan each year was determined by the requirement to deliver a programme of work that would inform the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements.

Details were given on risks which had not been included in the Plan, together with the reasons for this.

The 2019/2020 Audit Plan would be delivered within the context of the revised Internal Audit Charter, attached as Appendix 1 to the report, and in accordance with the Public Sector Internal Auditing Standards (PSIAS).

**The Committee decided:** that the proposed Internal Audit Plan for 2019/2020 be approved.

*[Reference: Minutes of 21 March 2018 (Paragraph 4)]*

---

#### **5 Audit Scotland – Financial Overview 2017/2018**

---

A report dated 28 March 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland report entitled 'Financial Overview 2017/2018' which had been published in November 2018.

The report had been structured around the following 4 headings:-

- ◆ budgets and spending for 2017/2018
- ◆ financial position
- ◆ Integration Joint Boards' overview 2017/2018
- ◆ 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 the:-

- ◆ use of cash balances in lieu of borrowing
- ◆ financial position in respect of Integration Joint Boards

In response to a point raised by a member regarding the Council's position, as detailed in Appendix 1 to the report, in relation to members' engagement with the budget setting process, it was noted that, as part of the process, elected members considered alternative budget proposals before ultimately setting the budget.

**The Committee decided:**

- (1) that the key points contained in the Audit Scotland report entitled 'Financial Overview 2017/2018' be noted; and
- (2) that the issues identified by Audit Scotland for consideration by elected members and the Council's position on those, taking account of comments in relation to members' engagement with the budget setting process, be noted.

*[Reference: Minutes of 13 June 2018 (Paragraph 9)]*

---

## **6 Fraud Statistics and National Fraud Initiative Six Monthly Update**

---

A report dated 8 April 2019 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ fraud statistics for the 6 month period to September 2018
- ◆ progress achieved in relation to the 2018 National Fraud Initiative (NFI) exercise

Details were given on the number, types, outcomes and costs of fraud investigations, together with performance measures for the 6 month period to September 2018. A comparison with the statistics for the same period in 2017 was also provided. The fraud statistics for the 6 month period to September 2018, highlighted that:-

- ◆ 196 investigations, with a total value of £501,000, had either been reported in the period or carried forward from 2017/2018, representing an increase in number but a decrease in value from the same period in 2017
- ◆ of the 196 cases, 81, valued at £153,000, had been closed within the period, representing an increase when compared to the closed investigations for the same period in 2017
- ◆ 70% of cases investigated were founded
- ◆ 96% of the founded cases related to benefit fraud or fraud committed by a third party

The 2018 NFI exercise had commenced in October 2018. Matches had been returned and plans were being developed to investigate target groups of matches during 2019/2020.

Officers responded to a member's questions on various aspects of the report.

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

*[Reference: Minutes of 21 March 2018 (Paragraph 5)]*

---

## **7 Annual Audit Plan 2018/2019**

---

The Committee considered the South Lanarkshire Council Audit Plan for 2018/2019 submitted by the Council's External Auditors, Audit Scotland.

The Plan set out the audit work necessary to allow Audit Scotland to provide an independent auditor's report and meet the wider scope requirements of public sector audit which included assessing arrangements for:-

- ◆ financial sustainability
- ◆ governance and transparency
- ◆ value for money

The Plan was structured around the following areas:-

- ◆ risks and planned work
- ◆ audit scope and timing

Details were given on key aspects of those areas.

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

---

## **8 Forward Programme for Future Meetings**

---

A report dated 8 April 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 27 November 2019.

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 Risk and Audit Scrutiny Committee to 27 November 2019 be noted.

---

## **9 Urgent Business**

---

There were no items of urgent business.