



Council Offices, Almada Street  
Hamilton, ML3 0AA

Tuesday, 11 June 2019

Dear Councillor

## **Risk and Audit Scrutiny Committee**

The Members listed below are requested to attend a meeting of the Committee to be held as follows:-

**Date:** Wednesday, 19 June 2019

**Time:** 10:00

**Venue:** Committee Room 2, Council Offices, Almada Street, Hamilton, ML3 0AA

The business to be considered at the meeting is listed overleaf.

<b>Members are reminded to bring their fully charged tablets to the meeting</b>
---

Yours sincerely

**Lindsay Freeland**  
**Chief Executive**

### **Members**

Graeme Campbell (Chair), Poppy Corbett, Maureen Devlin, Mary Donnelly, Mark Horsham, Martin Lennon, Julia Marrs, Carol Nugent, Margaret B Walker, Jim Wardhaugh

### **Substitutes**

Janine Calikes, Margaret Cowie, Isobel Dorman, Eric Holford, Bert Thomson, Jared Wark

## BUSINESS

### 1 Declaration of Interests

- 2 Minutes of Previous Meeting** 3 - 6  
Minutes of the meeting of the Risk and Audit Scrutiny Committee held on 24 April 2019 submitted for approval as a correct record. (Copy attached)

---

#### Item(s) for Decision

- 3 Internal Audit Annual Assurance Report 2018/2019** 7 - 20  
Report dated 3 June 2019 by the Audit and Compliance Manager (Finance and Corporate Resources). (Copy attached)
- 4 Annual Governance Statement for 2018/2019 and Good Governance Action Plan Quarter 4 Progress Report** 21 - 54  
Report dated 4 June 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)

---

#### Item(s) for Noting

- 5 Unaudited Annual Accounts 2018/2019** 55 - 58  
Report dated 6 June 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 6 Internal Audit Activity as at 31 May 2019** 59 - 66  
Report dated 31 May 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 7 Interim Management Report 2018/2019** 67 - 74  
Report dated June 2019 by Audit Scotland. (Copy attached)
- 8 Financial Resources Scrutiny Forum Activity** 75 - 78  
Report dated 23 May 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 9 Forward Programme for Future Meetings** 79 - 82  
Report dated 4 June 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)

---

#### Urgent Business

- 10 Urgent Business**  
Any other items of business which the Chair decides are urgent.

Clerk Name: Pauline MacRae  
Clerk Telephone: 01698 454108  
Clerk Email: pauline.macrae@southlanarkshire.gov.uk

## RISK AND AUDIT SCRUTINY COMMITTEE

2

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.

# Report

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>19 June 2019</b>
Report by:	<b>Audit and Compliance Manager (Finance and Corporate Resources)</b>

Subject:	<b>Internal Audit Annual Assurance Report 2018/2019</b>
----------	---

## 1. Purpose of Report

1.1 The purpose of the report is to:-

- ◆ report on the progress and performance of Internal Audit and to provide an independent audit opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ended 31 March 2019

## 2. Recommendation(s)

2.1 The Committee is asked to approve the following recommendation(s):-

- (1) that the overall findings from internal audit work inform the Council's 2018/2019 governance statement
- (2) that the level of assurance be noted
- (3) that Internal Audit's performance be noted

## 3. Background

3.1 The Internal Audit Service is delivered within South Lanarkshire Council (SLC) within the context of the Public Sector Internal Audit Standards (PSIAS) (revised 1 April 2017), compliance with which is mandatory under Section 95 of the Local Government (Scotland Act) 1973. This sets out a series of standards to ensure a professional, independent and objective internal audit service is delivered that supports good governance within an organisation.

3.2 PSIAS requires that a Quality Assurance and Improvement Programme (QAIP) is developed to provide assurance that internal activity is conducted in accordance with an Internal Audit Charter, that it operates in an efficient and effective manner and that it is perceived to be adding value and improving operations. This assessment confirmed that South Lanarkshire Council's internal audit function continues to generally conform to the Public Sector Internal Audit Standards.

3.3 Internal Audit has reported throughout the year to Risk and Audit Scrutiny Committee (RASC). Reports to the RASC have detailed the findings from each finalised assignment in conjunction with information in relation to Internal Audit activity's purpose, authority, responsibility and performance relative to the 2018/2019 Audit Plan.

- 3.4 The objective of Internal Audit is to evaluate and improve the effectiveness of governance, risk management and control processes. The purpose of this report is to provide an independent audit opinion on the overall adequacy and effectiveness of SLC's framework of governance, risk management and control arrangements based on audit work undertaken in 2018/2019.

#### **4. Link to Council's Objectives and Top Risks**

- 4.1 As a function, Internal Audit seeks to link to the Council's Connect Ambition of 'achiev(ing) results through leadership, good governance and organisational effectiveness'.

- 4.2. In addition to Connect, assignments within the Audit Plan each year are linked to the Council's top risks to ensure that work is focused in areas of greatest risk and, where, potentially, an independent review would add greatest value. The 2018/2019 Plan linked to the Council's top risks (as at January 2018), albeit there were a number of top risks that were not directly covered by the Plan:

- ◆ failure to maintain the required pupil/teacher ratio
- ◆ failure to work with key partners to achieve the outcomes of the Local Outcome Improvement Plan
- ◆ implementation of Self Directed Support
- ◆ lack of capacity and skills to meet increased Service demands

- 4.3 These risks (or related risks) were excluded on the basis that these were linked to audits in either 2016/2017 or 2017/2018 or were being covered by follow-up work in 2018/2019.

- 4.4 A further group of risks were not covered by the Plan on the basis that an audit may not necessarily add significant value:

- ◆ increasing levels of adverse weather
- ◆ failure to fulfil emergency response commitments befitting the Council's status as a Category One (emergency) responder
- ◆ death or injury to employees, service users or members of the public affected by Council Operations

#### **5. Internal Audit Workload and Performance – 2018/2019**

##### **Workload – 2018/2019**

- 5.1 The actual number of audit days delivered in 2018/2019 was 931 days which was 1.2% above Plan. 92.4% of the Council Plan was delivered by 31 March 2019. The five outstanding audit assignments at this date related to special investigations.

Table One - Internal Audit workload analysis for 2018/2019

	<b>Total No. Jobs</b>
Planned	66
Deferred or dropped from 2018/2019 Plan (see 5.2)	6
<b>Adjusted workload</b>	<b>60</b>
<b>Reports completed to draft</b>	<b>55</b>



- 5.2 Three separate routine assignments were deferred in year<sup>1</sup> and are now programed to be completed in 2019/2020 and a further three assignments were 'dropped'<sup>2</sup> and no work is now planned in these areas in 2019/2020.
- 5.3 Each of the audits undertaken in the year were conducted in conformance with PSIAS.
- 5.4 Of 55 assignments noted in the table above, 55% have been concluded and issued as final. In some instances, findings noted below relate to draft reports but no material changes are anticipated to the audit opinion expressed within the respective reports.
- 5.5 PSIAS requires the Council's internal audit function to demonstrate engagement with clients to ensure the Audit Plan is agreed at the outset of the year and continues to address known and emerging risks. Feedback is gathered through annual questionnaires to Heads of Service within whose areas there has been audit activity in the year and through annual meetings with Executive Directors.

### **Performance – 2018/2019**

- 5.6 In terms of an overview of performance, four from five of the key indicators were met in 2018/2019; delivery of planned audit days (101.2%); completed assignments within budget (80%); draft reports issued on time (80%) and productive time (87%). The Audit Plan was not delivered in full in year with five assignments outstanding at 31 March 2019 (92.4%).
- 5.7 The Committee is asked to note Internal Audit's workload and performance in the year to 31 March 2019.

## **6. Basis of Audit Opinion**

- 6.1 The opinion expressed within this report (see 8.4) has been based primarily on:
  - ♦ the output from a programme of audits included within the **2018/2019 Internal Audit Plan**
- 6.2 Together with reliance on the following areas of assurance that were also considered in the expression of an overall audit opinion for the year:
  - ♦ the outcome of the Council's **best value audit** in 2018/2019
  - ♦ the work of **External Audit, external regulators and inspectors** during 2018/2019.

### **Area of Assurance – Internal Audit Plan 2018/2109 Routine**

- 6.3 Detailed below are the significant areas which were the subject of audit work in 2018/2019 along with a summary of the key findings:
- 6.4 **I214075 Job Costing** - adequate assurance was obtained. Estimation and valuation processes are in place but require a level of review to provide full assurance around the basis of the rates that are being used.

<sup>1</sup> I250078 Waste Contract, I410056 Follow Up Additional Support Needs Transport and I410058 Follow Up Service Procurement

<sup>2</sup> I210082 ICON, I342066 Mobile Working (Roads) and I350068 Financial Strategy

- 6.5 Recommended actions, of which there was already a level of client awareness around, focus on ensuring a robust review, reporting and remediation processes are in place.
- 6.6 **I214083 Budgetary Control Audit** – a summary of key findings, risks and actions has been provided which, alongside a risk based review of budget data / trends, will identify potential areas of risk and / or inefficiency.
- 6.7 **I220076 City Deal – Benefits Realisation** – good assurance was obtained. Effective arrangements are in place to track the realisation of benefits from Glasgow City Region City Deal projects. Work, at the time of the audit, was ongoing to ensure all City Deal Business Cases were Green Book compliant. Work completed to date has met the agreed outputs and benefits to satisfy the Gateway Review Process commencing in 2019.
- 6.8 **I220080 Pupil Equity Fund** – some assurance was obtained that controls are in place over the spending and management of Pupil Equity Fund (PEF). Good improvements have been made to the processes for producing and monitoring the attainment improvement plans and PEF budget and planning reports. Teacher training has taken place, support groups are in place, two Strategic Leads have been employed to assist schools and monitor progress, mid-year updates on interventions are now produced, reports have been developed to capture successful interventions and it is intended to share good practice across schools.
- 6.9 Improvements have been made to processes but it is important that there is a robust review of outcomes of spend to establish if this has assisted in supporting an increase in attainment levels and closing the 'poverty gap'. The recommendations made in the Action Plan seek to assist in this process.
- 6.10 **I250079 Procurement Audit** - a detailed data gathering / analysis exercise (using Council wide Oracle Payables, Oracle iProcurement and contract register data) was undertaken in 2018/2019. The intention is now to use this data to undertake comprehensive reviews of procurement practices in 2019/2020.
- 6.11 **I342069 Self Directed Support (SDS)** - adequate assurance was obtained that actions from the 2017/2018 SDS report had been implemented and that further progress had been made with the SDS process to ensure full compliance with the Act by 2020 through employee training, revised processes and system enhancements. Employees are aware of how processes stipulated within SDS should be undertaken but clear evidence of this needs to be evident across all Services. Some remaining system implementations are required to provide an audit trail and training has still to be undertaken for some aspects of the process. Sufficient time needs to be built in to allow employees to embed these new practices.
- 6.12 Management should monitor, on a regular basis, that the annual options review and met needs are being undertaken to ensure that statutory obligations are met. Based on system implementations being completed on time and established processes being consistently applied, full compliance is achievable by the 2020 deadline.
- 6.13 **I342070 Kinship Care** – good assurances that SLC's kinship care arrangements seek to ensure compliance with the legislative requirements with regards to both looked after and non-looked after children in kinship care. SLC policy is clear and SLC is providing kinship care allowances that are consistent with the allowances provided to SLC foster carers and commensurate with the range of rates provided to kinship carers across other local authorities. Kinship carers are only approved after a full assessment, with overall approval required from the Head of Children and Justice

Services. Allowances are awarded following a financial appraisal and Social Work Resources approval. Interim payments are paid whilst assessments are ongoing; these are then generally deducted from any backdated kinship care allowances awarded. SLC is also providing financial support to kinship carers, where deemed applicable.

- 6.14 Target timescales are not always met, but efforts have been made to reassess all existing kinship carers under the new locality model and ensure that, in all cases where carers are eligible, they are being moved onto the agreed kinship care allowances. Cases that have not moved to kinship care allowances should be treated as a priority to progress.
- 6.15 Improvements are required to the audit trail and a focus should now be placed on ensuring annual reviews of carers are carried out to confirm that placements, for looked after children, are still in the best interests of the child and that carers' allowances are still in accordance with updated financial assessments.
- 6.16 **I410059 Follow Up General Data Protection Regulations (GDPR)** – the Information Governance Board (IGB) has advised that the original audit action to present the results of the self-assessment to the IGB along with progress updates was completed by 27 September 2018. It is important that the IGB continues to facilitate completion of all necessary remaining work to satisfy itself that the Council is fully compliant with all the requirements of GDPR.
- 6.17 **I410060 Follow Up IMPROVe** - follow-up work has confirmed that progress has been made in providing additional support to Resources whilst introducing enhanced challenge via peer review. The number of measures monitored via the performance management process has reduced, but, as agreed with Audit Scotland, the Council recognises that these could be further refined and measures are being reviewed as part of the mid-term review of the Council Plan. The Improvement Unit should also continue to challenge any change in status from green to red, or vice versa between reporting periods, and obtain the necessary assurances that all year end 'report later' measures are reported in the next reporting year.
- 6.18 **I410061 Follow Up Snagging in Schools** - some action had been taken since the original audit but further action is considered to be necessary to fully implement the audit actions agreed in December 2017. The audit concluded that there may still be an insufficient audit trail to justify some decisions and evidence that these had been communicated and actioned to complete remedial works for school buildings. Progress with full implementation will continue to be monitored.
- 6.19 **I410062 Missing Medication** – adequate progress with the implementation of audit actions. Outstanding actions relate to updating procedures to reflect recommendations and the review of weekly medication records reconciliations to physical medication. It is important that recommended actions are implemented across all Units and subject to regular review.
- 6.20 **I541020 Information Risk Management** – adequate assurance was obtained. Information security risks are both understood and afforded significant prominence within the organisation's culture through recognition within the Council's top risk register. Responsibilities have been assigned to oversee this risk within the IGB and the IT Security team. Controls to mitigate information security risks are generally in place and the Council is working towards recognised security standards in terms of ISO and PSN as well as 'cyber essentials' accreditation. The Council's approach to protecting its information is set out in a framework of strategies, policies and

procedures and these are communicated at all levels throughout the organisation, from reports to Committee to briefings to employees. All relevant employees are now required to undertake mandatory training in relation to data protection and cyber security.

- 6.21 The only area for improvement is in relation to ensuring the robustness of checks around third party's information security arrangements.
- 6.22 **I613133 Benefit Realisation – Mobile Working** - actions from the previous audit report undertaken on mobile devices have been delivered. IT and Home Care Services consider that the mobile working project has delivered on cost avoidance, savings and service improvements which is being monitored by existing budget monitoring arrangements. It is anticipated that cash savings should be realised by the end of the five year project in 2019/2020 and that, given Home Care Worker hours are now more easily reviewed, this should identify efficiencies and allow, in turn, more service users' care hours to be provided.
- 6.23 The audit sought to establish the extent to which there was auditable evidence that the project was delivering on its original objectives. The ability to do so fully was impacted by the availability of some documentation. Mobile working has been implemented but there could be improved monitoring to verify that benefits are being fully realised.
- 6.24 **I650142 Contract Monitoring** - adequate assurance was obtained. There was evidence of key documentation being retained, however, improvements could be made in the contract award and management process to tighten controls, as well as improvements to management information to ensure this is supported by a robust audit trail.
- 6.25 **I676149 Asset Valuations/Disposals** - adequate assurance was obtained. There is, however, some scope to improve the management information held, to make the disposal process easier to review and to establish a clearer definition as to when an External Valuer needs to be engaged.
- 6.26 Outwith these specific assignments, the **Continuous Control Monitoring project** continued throughout the year and has informed 'intelligent' sampling within both routine audits and specific investigations. CCM work provided detailed data which was subsequently used in special investigations, has been used extensively by External Audit and has enabled routine checks to be undertaken, such as duplicate invoice checks prior to weekly payment runs.

### **Special Investigation**

- 6.27 There are four main routes for reporting fraud with the Council, whistle-blowing, through the CRM system, through local management or from the Police. The majority of concerns reported during the year came through local management. Irrespective of the source of alert, all notifications are risk assessed and, dependent on an initial evaluation of risk, either investigated by Internal Audit or the Personnel fact-finding team (with assistance from Resources if required) or, if relevant, passed to the Police. Fraud statistics are reported bi-annually to the Committee and a full report will be presented detailing 2018/2019 statistics in due course.
- 6.28 The total value of fraud concerns reported to Internal Audit in 2018/2019 totalled less than £1k. Significant reputational risk can, of course, attach to frauds irrespective of the value. Audit recommendations are routinely made to address identified gaps in

controls and standard fraud indicators are included in all audit programmes, the results of which are considered during the annual planning process.

- 6.29 In addition to the above investigative work, Internal Audit provided the data for the 2018/2019 NFI exercise to Audit Scotland by the due dates in October 2018 and January 2019. The resultant matches have been provided to the Council from January 2019. In addition to uploading the data required for the NFI exercises, Internal Audit is responsible for co-ordinating the investigations of the cases resulting from the matches throughout the Council. The investigations will be completed during 2019/2020 and fraud identified will be included within the Fraud Statistics reports to this Committee. Housing Benefit fraud investigations are passed to the Fraud and Error Service for investigation. Where appropriate, arrangements will be put in place to recover overpayments arising from errors or fraud, in line with the Council's debt recovery procedures.
- 6.30 A corporate fraud programme of work was also included in the 2018/2019 Annual Internal Audit Plan. This included completion of the Serious and Organised Crime Action Plan, a review of the Learn on Line fraud awareness course, the development of contract monitoring reports, the review of tracking reports and investigation of a sample of fast cash differences. In respect to the two, more material assignments, findings were as follows:
- 6.31 **I650139 Tracking Reports Review** – a reasonable level of assurance was obtained that journeys were for business purposes. From the small sample of journeys reviewed, these were found to be valid and consistent with business needs. Similarly, no instances of engine idling were identified.
- 6.32 Vehicle usage can be monitored through tracking reports, however, the level and frequency of such checks vary across Resources and Services Managers. Assurance was obtained that, where continuous review of tracking was in place, the risk of prolonged misuse was reduced. The recommendations made in the Action Plan seek to strengthen existing controls around monitoring.
- 6.33 **I650138 Fast Cash Differences** – adequate assurance was obtained that procedures / processes are in place (and are being implemented) to ensure that school meals fast cash banking differences are quickly identified, investigated and satisfactorily resolved. While some minor non-compliance was found, Internal Audit was satisfied that this was being addressed by the Resource.
- 6.34 Internal Audit also monitors fraud alerts through internal and external sources and disseminates information as appropriate. In 2018/2019, the majority of the information shared with Council Resources related to fraudulent attempts to change bank details. A specific review of the sophisticated fraud that was perpetrated in another Local Authority was completed in year and work is programmed in 2019/2020 to address one area within South Lanarkshire Council.
- 6.35 Investigative work was of relatively low value and volume in during 2018/2019 and not such to suggest any fundamental issues within routine internal control arrangements. Where appropriate, actions have been agreed or are being discussed with Resources.

#### **Area of Assurance – Best Value Audit**

- 6.36 South Lanarkshire Council's best value report was published in March 2019 and reliance has been placed on the positive assurances within that report in expressing

an audit opinion on the adequacy and effectiveness of the Council's framework of risk management, control and governance arrangements.

- 6.37 The report references a number of areas where there has been recent internal audit work and there is an intention to undertake some follow up work in 2019/2020 in relation to recommendations made within the Best Value report.
- 6.38 Future audit plans may also contain further work to assess progress with areas highlighted within the report.

### **Area of Assurance – External Regulators and Inspectors**

- 6.39 On an annual basis, an assurance mapping process is undertaken in conjunction with the Good Governance Group to inform the Council's annual governance statement. No significant, adverse control, risk management or governance issues have been identified as part of this review that require specific note within this annual report. Internal Audit is represented on the Good Governance Group, and through this, contributed to the preparation and development of the Governance Statement.
- 6.40 This includes the shared risk assessment, the output of a process each year that involves the Council and representatives of all scrutiny bodies who engage with the Council. The Local Scrutiny Plan for 2018/2019 identified no specific risk-based scrutiny risks for SLC although some areas of the Council's activity were to be the subject of ongoing monitoring and oversight by the Local Area Network during the year.
- 6.41 External Audit undertook the 2017/2018 financial audit during 2018/2019 and provided an unqualified opinion in relation to the Council's financial statements. Interim audit work in relation to the year ended 31 March 2019 is in progress and no significant issues have been raised to date. Internal Audit has liaised with External Audit periodically throughout the year and has provided specific assistance around the provision of financial year-end data to Audit Scotland.
- 6.42 Audit Scotland also publishes reports throughout the year in relation to a variety of areas. Where Resources consider it appropriate, these are reported to Committee covering the key messages and their application to SLC. In 2018/2019, relatively few reports were presented to Committees or Forums. For 2019/2020, a new template has been devised to ensure consistent reporting where report contents are both significant and of relevance to SLC.

### **7. Council Wide Performance – Delivery of Audit Actions 2018/2019**

- 7.1 PSIAS places a responsibility for monitoring progress with the delivery of audit actions with the Chief Internal Auditor to ensure that recommendations are effectively implemented. Based on verbal updates received from Resources, Council-wide, 90% of internal audit actions were delivered on time (and 94% in total when including those delivered late). Five actions remain outstanding as at 31 March 2019 and will now be followed up in 2019/2020.
- 7.2 The above performance data suggest that actions are, in the main, being fully and timeously implemented. This is checked independently by a programme of formal follow-up reviews that are undertaken by Internal Audit each year. During 2018/2019, seven formal follow-up audit assignments were completed. Of these assignments, all evidenced a degree of completion but there is a pattern of recommendations either not being implemented or only partially implemented. Where audit actions are

particularly significant, more extensive follow up work is now being programmed within audit plans.

- 7.3 Of the eighty audit actions that were due to be implemented in 2018/2019, 36% of these actions relate to either developing processes and procedures or ensuring that these are consistently applied. The robust application of regulations and financial controls constituted a further 30% of actions and pro-active approaches are continuing to be developed through CCM data analysis of key financial systems to assist in highlighting patterns and trends that merit further investigation. Continuing themes across other actions include retention of documentation, segregation of duties, reviewing and monitoring, all of which remain key controls that require to be strengthened.

## **8. Summary of Overall Assurance and Audit Opinion**

- 8.1 Adequate arrangements exist within SLC to escalate any concerns the Audit and Compliance Manager may have in relation to the level of risk accepted by management or SLC. Throughout the year there was no impairment in the scope of audit work or the ability of Internal Audit to express an independent opinion.
- 8.2 Internal control remains, primarily, a management responsibility to ensure that the Council conducts its business in a manner that has due regard to the principles of good governance. The presence of an internal audit function does not negate the importance of effective internal controls. Internal Audit cannot be expected to give total assurance that control weaknesses or irregularities do not exist. The audit opinion is based upon the audit work undertaken during the year and knowledge of the Council's wider governance, risk management and control arrangements.
- 8.3 Many significant financial controls are imbedded within systems and these have been tested throughout the year by a programme of internal and external audit testing. Operational controls were found to generally exist but, on occasion, lacked consistent implementation. Key controls such as adherence to proper processes and procedures, application of management checks and robust monitoring are generally vested in people and, therefore, remain an area of higher inherent risk. A number of actions were agreed with Resources to address identified gaps in controls and ensure that a full audit trail is available to support all activity and demonstrate effective governance of Council funds.
- 8.4 **In 2018/2019, the Internal Audit opinion is that, overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2019.**
- 8.5 The Committee is asked to note the above findings and approve their inclusion in the Council's annual Governance Statement. A signed Annual Internal Statement of Assurance is included at Appendix One based on the view of the Council's own internal audit function.

## **9. Employee Implications**

- 9.1 The Internal Audit service in 2018/2019 was delivered by a team of eleven. Of the team of eleven, ten are partly or fully qualified through either the Chartered Institute of Internal Auditors or one of the Consultative Committee of Accountancy Bodies.
- 9.2 Feedback received in relation to audit assignments is used to highlight areas for training and development. These are progressed on an individual basis as part of the

performance development review process. Best practice information is shared and learning points discussed throughout the year.

## **10. Financial Implications**

- 10.1 Audit and Compliance Services, during 2018/2019 spent £489,849 against a budget of £462,960 (to period 14). The overspend relates to a reduction in internal audit services to an external client and resultant reduction in fees.

## **11. Future Years**

- 11.1 The Council will continue to be subject to a range of nationally driven scrutiny activity during 2019/2020. Contingency time will be used to support preparation for such scrutiny if required during the year.
- 11.2 For Internal Audit, the focus continues to be on balancing routine assurance work with both the increasing requirement to participate and add value to corporate activity whilst continuing to react timeously to audit requirements for significant evolving agendas. Aside from this, Internal Audit is aiming to continue development of data analytical tools and establish how this can be employed to continuously monitor controls on a more 'real time' basis.

## **12. Other Implications**

- 12.1 Each audit assignment seeks to identify efficiencies and report as part of the audit opinion where appropriate. In practice, this often translates into identifying audit recommendations that suggest a more efficient way in which to deliver services. Opportunities to identify 'cash' savings are becoming less frequent in an environment of growing financial constraints. From Resources' perspective, much of the 'value added' element of an internal audit service is linked to the function's ability to provide advice and guidance. In addition, there has been a growing focus on the content of action plans to ensure that these effect required improvements. This is particularly important in areas where issues are more significant.
- 12.2 Responding to Services' requests for assistance and participation in internal working groups is accommodated within the Plan and through contingency time. This aligns to the PSIAS requirement to deliver an effective internal audit service.
- 12.3 There are no sustainability issues in terms of the information contained in this report.

## **13. Equality Impact Assessments and Consultation Arrangements**

- 13.1 There is no requirement to carry out an impact assessment in terms of the information contained within this report.
- 13.2 Resource Heads of Service are consulted in advance of every planned audit assignment and following completion of fieldwork. Resources and elected members are also consulted during preparation of the annual audit plan.

**Yvonne Douglas**  
**Audit and Compliance Manager**

3 June 2019

## **Link(s) to Council Values/Ambitions/Objectives**

- Achieve results through leadership, good governance and organisational effectiveness



**Previous References**

- 2018/2019 Internal Audit Plan (Risk and Audit Scrutiny Committee 21 March 2018)

**List of Background Papers**

- 2018/2019 progress reports to the Risk and Audit Scrutiny Committee
- Figtree statistical and assurance and time recording extracts
- Public Sector Internal Audit Standards (revised 2017)
- Fraud statistics and NFI updates

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Ext: 2618 (Tel: 01698 452618)

E-mail: [yvonne.douglas@southlanarkshire.gov.uk](mailto:yvonne.douglas@southlanarkshire.gov.uk)

**To the members of South Lanarkshire Council, the Chief Executive and Executive Directors**

As Audit and Compliance Manager of South Lanarkshire Council, I am pleased to present my annual statement and report on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council for the year ended 31 March 2019.

**Respective responsibilities of management and internal auditors in relation to governance, risk management and internal control**

It is the responsibility of the Council's senior management to establish appropriate and sound systems of governance, risk management and internal control and to monitor the continuing effectiveness of these systems.

It is the responsibility of the Audit and Compliance Manager to provide an independent opinion on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council. The Audit and Compliance Manager cannot be expected to give total assurance that control weaknesses or irregularities do not exist but can form an opinion based on work undertaken during the year and knowledge of control systems.

**The Council's framework of governance, risk management and internal controls**

South Lanarkshire Council has a responsibility to ensure its business is conducted in accordance with legislation and proper standards and adheres to and works within a framework of internal values and external principles and standards.

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and how it accounts to communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks that would prevent the achievement of South Lanarkshire Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

**The work of Internal Audit**

Internal Audit is an independent and objective assurance function established by the Council to review its governance, risk management and internal control arrangements. It objectively examines, evaluates and reports on the adequacy of these arrangements as a contribution to general governance arrangements and more specifically the proper, economic, efficient and effective use of resources.

The Internal Audit Service operated in accordance with the Public Sector Internal Audit Standards (PSAIS) (revised 2017) throughout 2018/2019. An external assessment of the extent of compliance was undertaken in 2017/2018 as part of the Quality Assurance and Improvement Programme. This assessment concluded that the section generally conforms with the requirements set out in PSIAS. Actions have now been implemented to address areas of non-compliance identified by the review.

The section undertakes an annual programme of work approved by the Risk and Audit Scrutiny Committee. All plans are based on a formal risk evaluation process, which reflects agreed and emerging risks and changes within the Council and is subject to periodic review throughout the year.

All internal audit reports identifying risks, areas for improvement and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken to implement audit recommendations.

Internal Audit ensure that management has understood agreed actions or assumed the risk of not taking action. A programme of informal and formal follow-up audit assignments provides assurance around the complete and timeous implementation of audit recommendations. Significant matters arising from internal audit work are reported to the Executive Director Finance and Corporate Resources and the Council's Risk and Audit Scrutiny Committee.

### **Basis of opinion**

My evaluation of the control environment relates only to South Lanarkshire Council and is informed by a number of sources but mainly by audit work undertaken during 2018/2019.

### **Limitation of scope**

No individual audit assignments were specifically limited in scope at the outset but scopes were amended to reflect the output from the initial risk and control analysis undertaken at the start of each assignment and the resources available.

### **Opinion**

It is my opinion, based on the above, that overall, reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2019.

***Signature:-***

**Yvonne Douglas BA CA**

**26 April 2019**



# Report

4

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>19 June 2019</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Annual Governance Statement for 2018-2019 and Good Governance Action Plan Quarter 4 Progress Report</b>
----------	--

## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide the proposed Annual Governance Statement for 2018-19, for inclusion in the Council's 2018-19 Annual Accounts.

## 2. Recommendation(s)

2.1. The Risk and Audit Scrutiny Committee is asked to approve the following recommendations:-

- (1) that the Annual Governance Statement, attached at Appendix 2, due to be included in the Council's 2018-19 Annual Report and Statement of Accounts, is approved;
- (2) that the Good Governance Action Plan progress at Quarter 4 detailed in Appendix 3, is noted; and
- (3) that the CIPFA Better Governance Forum Audit Committee update on 'Developing an Effective Governance Statement', attached as Appendix 4, is noted.

## 3. Background

3.1. Each year the Council undertakes a comprehensive review of the governance arrangements that are required to support the council's financial and operational controls. The annual review of governance arrangements informs the Governance Statement which is included within the Council's Annual Accounts.

3.2. The annual review of governance arrangements is informed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework for Delivering Good Governance in Local Government and the associated guidance for Scottish Local Authorities; and the council's governance assessment framework which is detailed at Appendix 1.

3.3. To achieve good governance, the Council should be able to demonstrate that its governance structures comply with the principles contained in the CIPFA/SOLACE framework and should, therefore, develop and maintain a Local Code of Corporate Governance and governance arrangements reflecting these principles. A new Local Code of Corporate Governance was developed and approved by the Executive Committee on 16 May 2018, and compliance with the Code is evidenced annually in the Governance Statement.

- 3.4. The Good Governance Group undertakes an annual review of the governance process. Key outcomes from that review included, a revised Director's Statement of Assurance template; an annual forward meeting programme of peer reviews/ evaluations to share learning, best practice and ensure consistency in approach (where relevant) across Resources; and a re-formatted Governance Statement template to improve readability and make clearer links between the council's values and the governance principles. The statement also now has a broader focus on the significant changes required to the Council's governance arrangements (see paragraph 4.2.). Resource specific operational changes will continue to be monitored and reported as outlined at paragraph 4.3.
- 3.5. Based on good practice highlighted by CIPFA in relation to the publication of Annual Governance Statements, a [Good Governance](#) page which provides links to relevant reports and documents is now available on the Council's website.
- 4. Annual Governance Statement 2018-2019**
- 4.1. The Annual Governance Statement (AGS) for 2018-2019 is attached at Appendix 2. It is the opinion of Internal Audit that reasonable assurance can be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ending 31 March 2019.
- 4.2. Section 7 of the AGS highlights "Significant Governance Areas" which were identified through the Horizon Scanning process and the Director's Statements of Assurance and the key actions that are being taken to address these during 2019-2020. These are noted below:-

<b>Significant Governance Areas identified in 2018-2019</b>
<b>Brexit</b> Impact of the UK leaving the European Union on the Council
<b>Best Value Assurance Review</b> Changes to the Council's governance and service delivery arrangements to deliver the improvement plan
<b>Mid-term review of committee procedural documents</b> Changes to the Council's governance arrangements in relation to committee decision making processes and procedures
<b>Participatory Budgeting</b> 1% of the Council's budget will be subject to Participatory Budgeting
<b>Financial Challenges</b> Reduction in Council funding, resulting in difficulties maintaining front line services
<b>GDPR</b> Compliance with the new General Data Protection Regulations (GDPR)
<b>Integrated Joint Board – Health and Social Care</b> The Council will need to consider the implications from recent national reports and policy changes
<b>National expansion in early years education and childcare provision</b> The Council is likely to face challenges in acquiring the necessary physical assets and staffing levels to meet the commitments by 2020
<b>Welfare Reform</b> Impact of Welfare Reform on Council services
<b>Child Poverty</b> The Council's contribution to meeting the national child poverty reduction targets as set out in the Child Poverty (Scotland) Act 2018 and the requirement to undertake new activity and a new approach to tackling child poverty.

4.3. The recommended reporting process for 2019-2020 is as follows:-

- **Governance Statement - Significant Governance Areas** – These are areas that have a significant impact on the Council's governance arrangements. A position statement giving progress against these areas will be provided with the report on the review of the Local Code of Corporate Governance at the end of Quarter 2; and at Quarter 4 with the Governance Statement to the CMT and the Risk and Audit Scrutiny Committee.
- **Director's Statement of Assurance - Resource Level Areas for Improvement** – These are actions approved by each Director in their Statement of Assurance. Progress will be monitored by Resources and reported through the Resource/Service Planning process at Quarter 2 and Quarter 4.

4.4. The CIPFA Better Governance Forum Audit Committee update on 'Developing an Effective Governance Statement' is attached as Appendix 4. This guidance which was first developed in March 2018, is aimed at providing advice and support to Audit Committees in relation to their role in considering how effective the governance arrangements have been in the year and reviewing the Annual Governance Statement prior to approval and publication. The document includes a briefing on what an effective Annual Governance Statement looks like and the role the Audit Committee can play in supporting the annual review and production of the statement. The Committee is asked to note the contents of this document.

4.5. The Committee is asked to note that the content of the AGS is subject to scrutiny by the External Auditor and therefore may change after approval; however, the final Governance Statement will form part of the Audited Annual Accounts which will be presented for approval to Committee in September 2019.

## 5. **Governance Improvement Plan 2018-2019 - Quarter 4 Progress Report**

5.1. Progress against the areas identified as requiring action and improvement in the previous year (Annual Governance Statement for 2017-2018) is attached as Appendix 3. This report has been produced from the Council's performance management reporting system IMPROVe, and uses a traffic light format with the following definitions to give a status report on each measure:-

Status	Definition
Green	The timescale or target has been met as per expectations
Amber	There has been minor slippage against timescale or minor shortfall against target
Red	There has been major slippage against timescale or major shortfall against target
Report later	The information is not yet available to allow us to say whether the target has been reached or not. These will be reported when available
Contextual	These are included for 'information only', to set performance information in context

5.2. The overall summary of progress as at Quarter 4 is as follows:-

Status	Measures	
	Number	%
Green	17	80%
Amber	0	0%
Red	2	10%
Report later/Contextual	2	10%
<b>Totals</b>	<b>21</b>	<b>100%</b>

5.3. The two red measures with explanatory commentary are listed below:-

Measure	Comments/Action	Responsibility
Develop a Community Planning Participation and Engagement Strategy by 31 March 2019	<p>A draft document and graphic designs are now ready for public consultation. The newly established Community Participation and Empowerment Team are leading on the continued development of the Strategy using the public consultation process designed by the partners.</p> <p>The completed Strategy will ensure that appropriate links between policies, plans and strategies across the Council/partnership are made.</p> <p>Following extensive public consultation, the final version of the Strategy will be presented to the Executive Committee for approval by December 2019.</p>	Community Participation and Empowerment Team Manager
Develop a three-year Communications Strategy document by September 2018, to be maintained through an annual refresh thereafter	There has been a delay in preparing the strategy, however it is now in the final stages of preparation, ahead of approval.	Head of Communications and Strategy

## 6. Next Steps

- 6.1. The Governance Team will review and update the Council's Local Code of Corporate Governance with the changes highlighted from the annual review of governance arrangements and report this to the Risk and Audit Scrutiny Committee.
- 6.2. The Good Governance Group will evaluate the governance review process and refine this in preparation for the 2019-2020 annual review of governance arrangements.



## **7. Employee Implications**

- 7.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.
- 7.2. Officers will be assigned to lead on areas identified as improvement areas.

## **8. Financial Implications**

- 8.1. There are no financial implications directly associated with this report.

## **9. Other Implications**

- 9.1. The AGS will be subject to review by Audit Scotland as part of their consideration of the Council's Annual Report.
- 9.2. There are no significant issues in terms of sustainability or risk directly associated with this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. All Resources, through senior officers, are involved in the progress, monitoring and review of governance good practice and the development of the AGS.
- 10.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

4 June 2019

### **Link(s) to Council Objectives/Values/Ambitions**

- ♦ All Council Objectives/Values and Ambitions

### **Previous References**

- ♦ Good Governance 2018-19 Quarter 2 Progress report – 6 February 2019

### **List of Background Papers**

- ♦ None

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Geraldine McCann, Head of Administration and Legal Services

Ext: 4516 (Tel: 01698 454516)

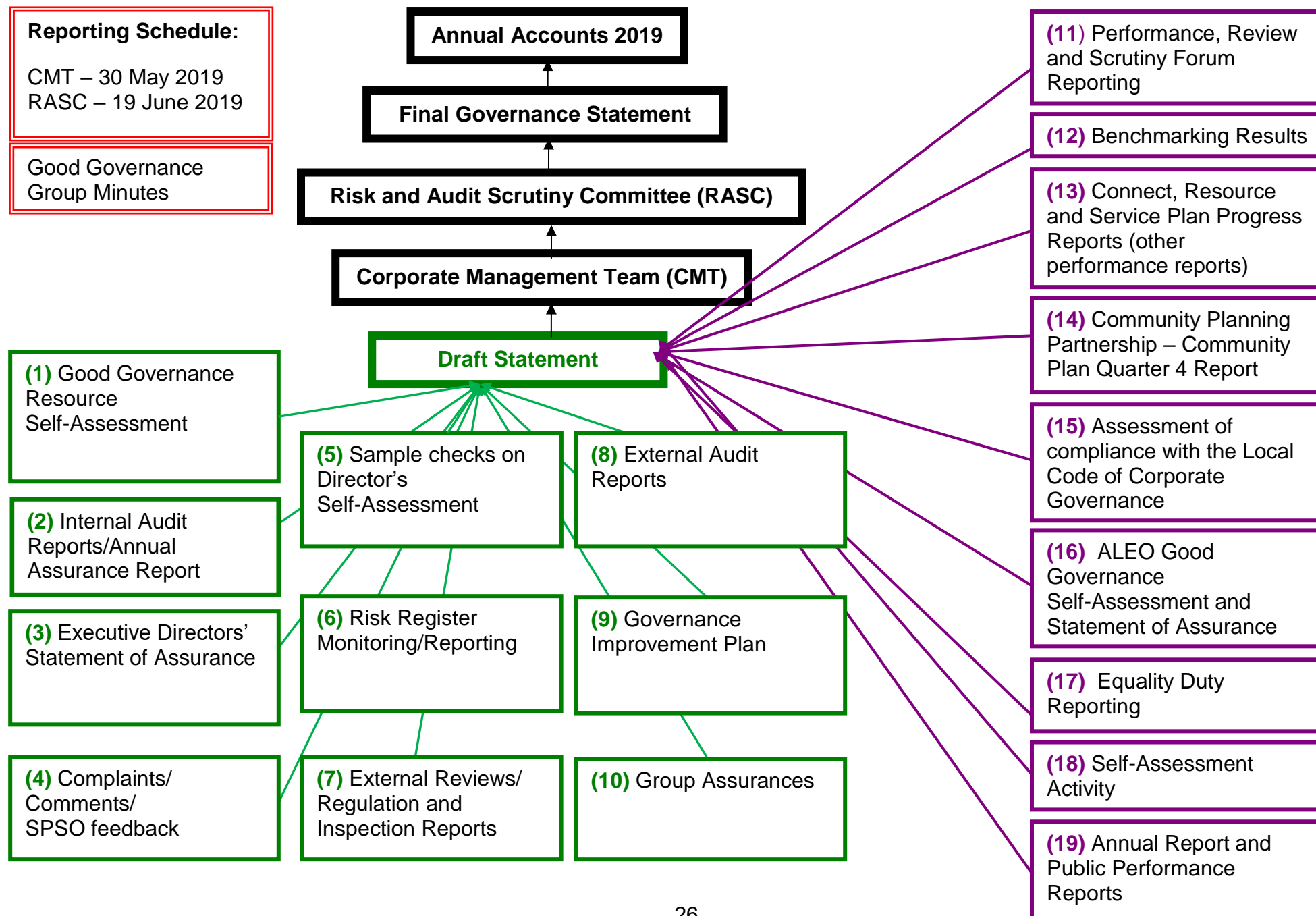
Email: [geraldine.mccann@southlanarkshire.gov.uk](mailto:geraldine.mccann@southlanarkshire.gov.uk)

or

Aileen Murray, Community Planning and Governance Adviser

Ext: 5884 (Tel: 01698 455884)

Email: [aileen.murray@southlanarkshire.gov.uk](mailto:aileen.murray@southlanarkshire.gov.uk)



## South Lanarkshire Council

## Annual Governance Statement 2018-19

## 4

**1. Scope of responsibility**

The residents of South Lanarkshire expect the council to conduct its business in a lawful and transparent way. In particular, the council has a duty to safeguard public money and account for it; and to continuously review and improve how its functions are discharged, focussing on the priorities of economy, efficiency and effectiveness.

The council is responsible for putting in place proper arrangements for the governance of its activities, facilitating the effective exercise of its functions including clear arrangements for the management of risk.

A [Local Code of Corporate Governance](#) (referred to as the “Code” from here on) has been approved and adopted. The Code is reviewed and updated annually and is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) framework entitled ‘Delivering Good Governance in Local Government’.

This statement explains how the council has complied with the Code during 2018-19 and meets legislative requirements to include the Annual Governance Statement within the Annual Accounts.

**2. The purpose of the council**

The [Council Plan, Connect 2017-22](#) sets out the council’s vision, values and objectives and what difference this will make to the residents and communities of South Lanarkshire. A mid-term review of the plan, objectives and next steps will be completed during 2019.

The council is also a statutory Community Planning Partner and the [Community Plan 2017-27](#) provides a common vision for the South Lanarkshire Community Planning Partnership and sets out how the partners aim to achieve that vision.

The council has set the framework for strong corporate governance by having a clear vision and values which are outlined in the diagram below:-



### 3. The purpose of the council's governance framework

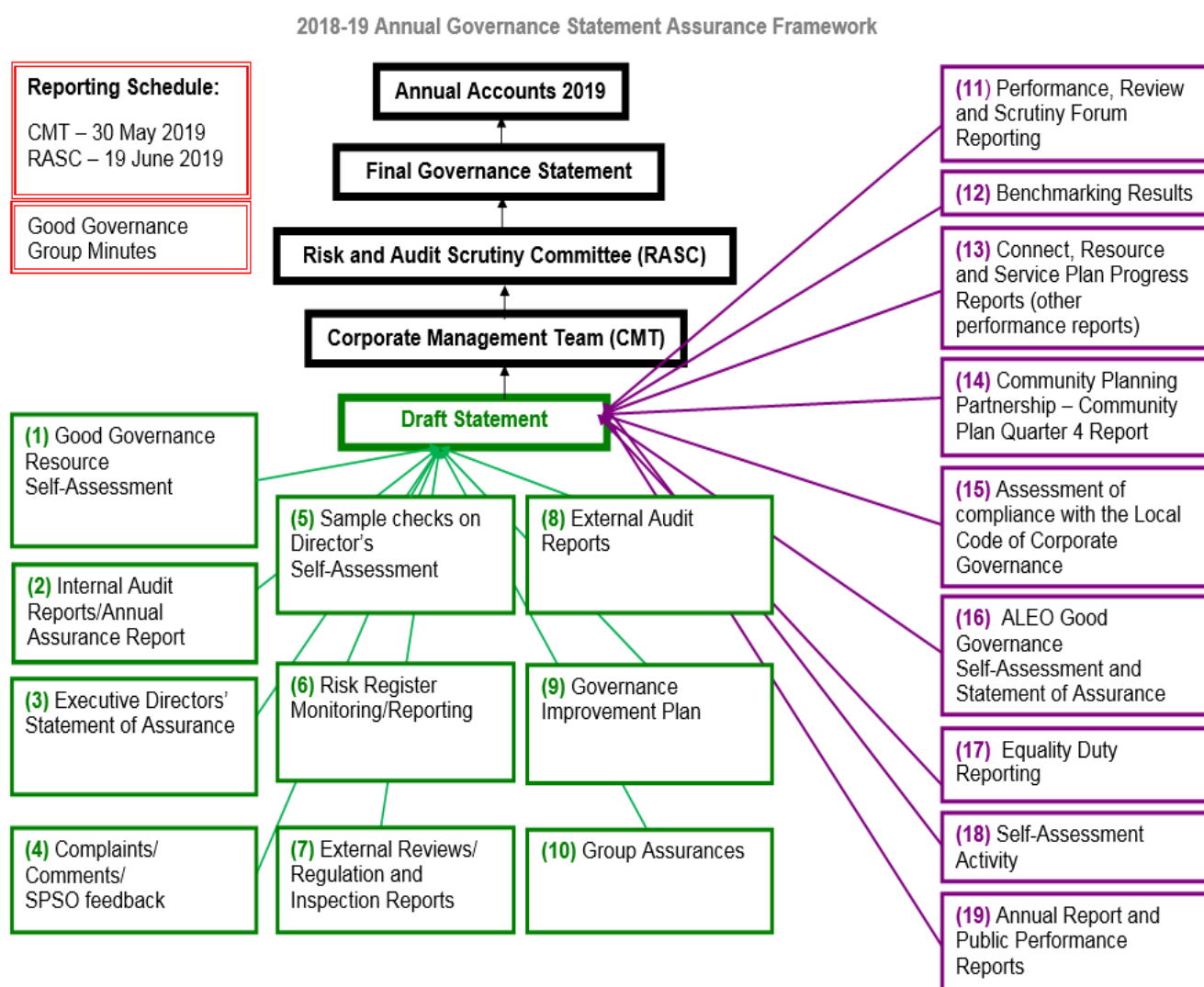
The governance framework comprises the culture, values, systems and processes by which the council is directed and controlled. It describes the way the council is accountable to communities. It enables the council to monitor the achievement of its strategic objectives and consider whether these objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's aims and objectives by evaluating the likelihood and potential impact of those risks being realised. This enables the council to manage risk efficiently, effectively and economically.

The governance framework has been in place at South Lanarkshire Council for the year ended 31 March 2019 and up to the date of approval of the Annual Report and Accounts.

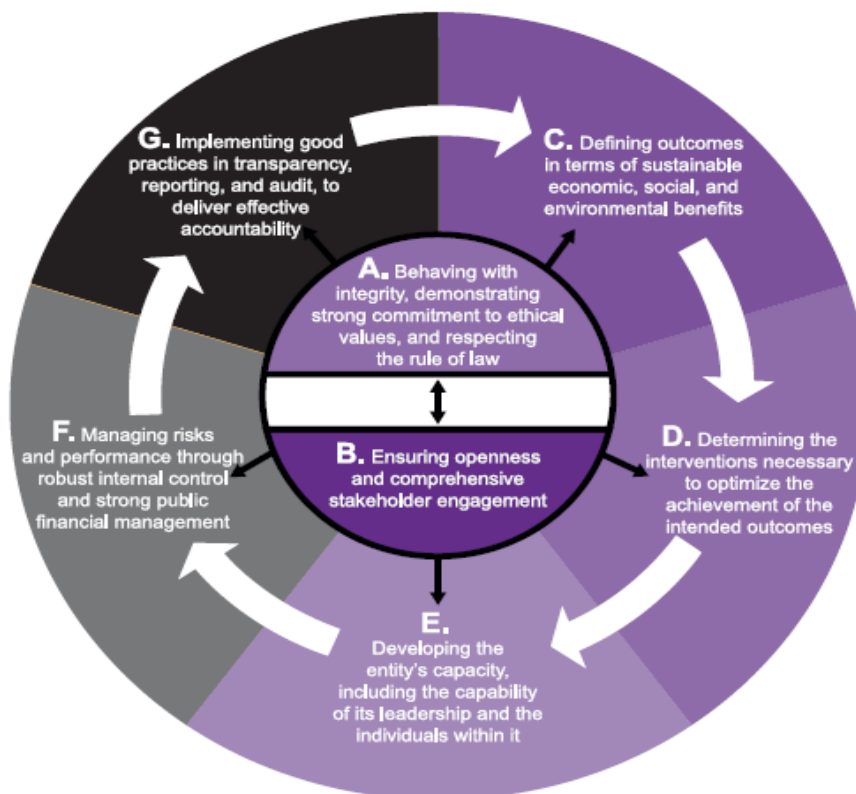
### 4. How the council monitors and evaluates the effectiveness of its governance arrangements?

The council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that inform this review and underpin the statements made within this document are shown in the diagram below.



## 5. Key elements of the council's governance assurance framework

The council aims to achieve good standards of governance by adhering to the seven national principles below, which form the basis of the council's Code. These principles are used each year to evaluate governance arrangements and identify areas for improvement.



The following table demonstrates how the council has complied with these principles and provides assurance as to how they are met. Significant elements of the systems and processes that comprise the council's governance arrangements and important changes/developments are described. Links to the key council documents referred to below can be found in Section 2 of the Code.

<b>Principle A:</b> Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
<b>Links to council's values:</b>
<ul style="list-style-type: none"> <li>Accountable, effective, efficient and transparent; Working with and respecting others</li> </ul>
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.</li> <li>Training in the standards of behaviour required in line with the Code of Conduct for Councillors and the revised Local Code of Corporate Governance was delivered to all councillors. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct. A revised Code of Conduct for Councillors has been published and will be the subject of further training during 2019.</li> <li>Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum.</li> <li>The employee Code of Conduct which outlines standards of conduct and integrity was updated during March 2019 to reflect the revised Local Code of Corporate Governance. All breaches were investigated through the employee disciplinary process and the recommended actions taken.</li> <li>To support integrity in decision making, the council has a number of committee procedural documents including decision making protocols, standing orders on</li> </ul>



procedures and contracts and financial regulations. All declarations of interest made by councillors at meetings were recorded and were available for public inspection.

- There are a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures that are used to support a culture of ethical behaviour amongst employees and councillors. These policies were revised during 2018 to ensure that they reflected best practice.
- The council responded to all reported cases concerning employees of suspected unethical behaviour and non-compliance with the law/policy.

#### **Principle B: Ensuring openness and comprehensive stakeholder engagement**

##### **Links to council's values:**

Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others

##### **How we do this:**

- All committee and forum meetings (except the Standards and Procedures Advisory Forum) were open to the public and agendas, reports and minutes were published on the council's website and copies were available for public inspection.
- A new [Petitions Committee](#) was introduced in June 2018 to consider matters raised through the council's petitions process and to help members of the public ensure that their views are heard.
- A new [Committee Management Information System](#) which allows members of the public to register and be notified when committee and forum papers are published was introduced during September 2018. The system also facilitates the creation of [online petitions](#) to increase the potential reach of signatories.
- To increase public engagement with the council, a new information website was launched during March 2019, and the council services website will be revised to include dedicated web pages for businesses.
- The council has approved a new approach to community participation and empowerment including the establishment of a Community Participation and Empowerment Team to increase stakeholder engagement and involvement in decision making processes.
- The first co-produced Community Planning Partnership Neighbourhood Plans with local residents for the three pilot areas aimed at improving outcomes and reducing inequalities were published.
- The Community Engagement Co-ordination Group maintained an overview of partnership community engagement activity. The work of this group is underpinned by the Community Engagement Framework.
- The council carried out 284 surveys and engagement activities with residents, employees and partners, and through the council's Citizens Panel to inform policy and service delivery. Further information on our surveys is published on the [council's website](#).
- To ensure inclusivity and help shape service delivery, the council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting. A shared Lanarkshire British Sign Language Plan was developed with local Deafblind Communities and published in October 2018.
- The [Participation Requests](#) and [Community Asset Transfer](#) processes support communities to engage with the council to improve local outcomes.
- The new performance [Spotlights](#) have simplified how the council reports annually to the public on what has been achieved and the [20 public performance reports](#) provide a comprehensive overview of service performance. These demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its objectives and how it is performing locally and nationally.

<b>Principle C:</b> Defining outcomes in terms of sustainable, economic, social and environmental benefits
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>• The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027-28). This document is underpinned by a suite of Asset Management Plans which are aligned with the council's objectives and focus on creating an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs and environmental impact.</li> <li>• The Council Plan 2017-22 and Community Plan 2017-27 have clearly defined economic, social and environmental outcomes to be delivered during the period.</li> <li>• Annual Resource Plans which deliver the objectives of the Council Plan were reviewed and updated. These plans outline the outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans.</li> <li>• The Sustainable Development and Climate Change Strategy 2017-22 which sets out the council's strategic outcomes in terms of the council, environment and communities for sustainable development and climate change during the period was developed using the principles of the United Nation's Sustainable Development Goals.</li> <li>• A new Sustainable Procurement Policy has been developed to ensure that sustainability principles are embedded in procurement processes and in recognition that our suppliers are important partners in the council's aim to become more sustainable.</li> <li>• Strategic Environmental Assessments (SEAs) were completed for all relevant council led policies, plans and strategies developed during 2018-19 and the council was recognised for good practice in a national SEA research publication.</li> <li>• A summary of the findings resulting from Equality Impact Assessments of the council's key decisions on service users, communities and businesses have been published on the council's website.</li> <li>• Strategic decisions of the council have been subject to a Fairer Scotland Impact Assessment which considers how inequalities of outcome can be reduced.</li> </ul>
<b>Principle D:</b> Determining the interventions necessary to optimise the achievement of the intended outcomes
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Focused on people and their needs; Working with and respecting others
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>• There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team and approved by councillors.</li> <li>• The Medium Term Financial Strategy 2019-22 and Long-Term Outlook 2028-29 which are aligned with the council's objectives were updated during the year to reflect the latest internal and external influences. These plans set out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrate sound financial management and the ability to address future projected funding gaps.</li> <li>• The annual budget setting consultations took place with members of the public, councillors, trade unions and employees to inform savings proposals. The budget is open to scrutiny and amendment by councillors until the approval of the final budget.</li> <li>• The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Management Teams; committees; and the Performance and Review Scrutiny Forum. Decisions and actions to address</li> </ul>

performance issues have been taken and monitored to ensure that they have been effective. A review of how performance is reported will take place during 2019.

- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB). These services continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions.
- The council considers the specification and achievement of community benefits, which focus on the health, economic, social and environmental wellbeing of the South Lanarkshire area, when awarding contracts.

**Principle E:** Developing the entity's capacity, including the capability of its leadership and the individuals within it

**Links to council's values:**

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others

**How we do this:**

- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. The Corporate Asset Management Plan outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation ensured that committees, officers and statutory officers were clear on the decisions that could be made within their area of authority. This is supplemented by councillor's role profiles which outline the key purpose, specific and core accountabilities for each role.
- Training requirements were identified and learning and development programmes were developed and offered to all councillors.
- The council continues to work with third party service providers and a range of partners to increase capacity to deliver its objectives. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal. The council's recent Best Value Assurance Report concluded that the "council works well with a range of public-sector, business and academic partners to improve outcomes for citizens".
- Each Resource reviews Workforce Plans and related action plans to better understand workforce capacity issues, further challenges and opportunities to ensure that resources are in the right place, at the right time and people have the right skills.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- A revised approach to management and leadership development which aims to equip managers with the skills and knowledge to be more effective in their roles has been approved and will be relaunched during August 2019.
- In terms of the 2017-18 Local Government Benchmarking Framework results, the council is performing better than the Scottish Average levels for almost half of the indicators. The results were analysed and an action plan was developed and will be monitored by the Senior Management Team.
- The council has a robust complaints process which is underpinned by national complaints handling standards. Complaints performance was regularly reported to Senior Management and committee and [learning from complaints](#) which is integral to this process is also published on the council's website.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health.

**Principle F:** Managing risks and performance through robust internal control and strong public financial management



<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Ambitious, self-aware and improving
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>• The council has put in place comprehensive arrangements for identifying and managing significant risks. There was regular compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans by the Risk Management Team, Council and Resource Risk Sponsors Groups.</li> <li>• The Risk Management Strategy which clearly defines roles and responsibilities for councillors and employees will be subject to a full review during 2019-20.</li> <li>• An external review of the council's Insurance Fund concluded that the fund was sufficient to meet known liabilities and that no further increase to the balance of the fund was required.</li> <li>• The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed its annual programme of risk based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. Where improvements were required, action plans were developed and monitored and where necessary follow-up audit work completed.</li> <li>• The Information Governance Board supported by Internal Audit ensured regular scrutiny and the promotion of effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>• The annual review of compliance with the council's Information Management Framework did not highlight any significant areas of concern.</li> <li>• The system of internal financial control is based upon the Financial Regulations which set out the rules to ensure robust internal control over the council's finances. Control is maintained through regular management information, management supervision and a structure of delegation and accountability. External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2017-18.</li> <li>• Through a well-established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported regularly to both managers and councillors. This includes areas of under-performance and the related improvement actions.</li> <li>• Guidance on Funding External Bodies and Following the Public Pound was developed to ensure a consistent approach across the council.</li> <li>• The council's Charitable Trust Funds are being modernised with new constitutions to ensure that the Trusts operate in a manner designed to benefit communities.</li> <li>• The Executive Director of Finance and Corporate Resources is a member of the council's Corporate Management Team and as such, is integral in all major decisions taken by the council, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer.</li> </ul>
<b>Principle G:</b> Fair, Open and Sustainable; Implementing good practices in transparency; reporting, and audit to deliver effective accountability
<b>Links to council's values:</b> Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others
<b>How we do this:</b>
<ul style="list-style-type: none"> <li>• The Good Governance Group has completed the annual review of governance arrangements at resource level and in line with the CIPFA/SOLACE Delivering Good Governance Framework. Whilst there are no new significant issues to highlight in this statement, governance improvement actions have been identified and are included in Resource/Service Action Plans. Progress against actions including those highlighted as</li> </ul>

significant governance areas for action will be reported to the Senior Management Team and committee.

- The annual review of governance arrangements for the council's at arm's length external organisation (ALEO) and key external service providers has highlighted areas for improvement which are currently being progressed by the council and the respective organisations.
- All Directors completed their annual Statement of Assurance and did not identify any compliance issues.
- The council prepares and publishes an Annual Governance Statement which reflects on the adequacy and effectiveness of the council's governance arrangements. This is independently considered by External Audit and published with the Annual Accounts and separately on a dedicated [governance web page](#).
- The annual review of the Local Code of Corporate Governance was completed and the revised Code was approved by committee and re-published.
- Committee meetings were held in public and all agendas, reports and decisions were published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website.
- The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the council's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.
- Outcomes from internal audit activity were reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Outcomes from external audit activity were reported to the Risk and Audit Scrutiny Committee.
- During 2018-19, the council were subject to a Best Value Assurance Review. The report concluded that the "council performs very well, benefits from strong leadership, clear direction and displays many of the characteristics of best value". The report also makes recommendations for improvement and the council has responded by developing an action plan to deliver these.
- The council's Managing Risks in Partnership Guidance has been reviewed and now includes the CIPFA/SOLACE Delivering Good Governance Guidance and a checklist on embedding the principles of good governance in partnerships.

## **6. Review of Effectiveness**

The review of governance arrangements for 2018-19 has also considered the following assurance outcomes:-

### **Group Assurances**

In respect of the Joint Boards, Charities and Companies that fall within the council's group boundary, the review of their internal financial control systems is informed by:-

- Annual Governance Statements included in the respective financial statements of the Joint Boards;
- Assurances from company directors and/or other senior company officials; and
- The work of the relevant bodies respective external auditors (and where relevant internal auditors) and other interim reports.

The Executive Director of Finance and Corporate Resources, the council's Chief Financial Officer, has considered the effectiveness of the group's internal financial control system for the year ended 31 March 2019. It is the Executive Director of Finance and Corporate Resources' opinion that reasonable assurance can be placed on its effectiveness.

### **Internal Assurance**

It is the opinion of the council's Risk Management Service that a good level of assurance can be placed on the council's strategic risk control environment and a good level of assurance can be placed on the council's operational risk control environment.

It is the opinion of the council's Audit and Compliance Manager that reasonable assurance can be placed on the adequacy and effectiveness of the council's framework of governance, risk management and control arrangements.

## 7. Significant Governance Areas

The 2017-18 Annual Governance Statement identified 21 areas for improvement. Details of these improvements and the actions taken can be found on the council's website; see the Good Governance Action Plan. **Note:-** link to be added to Q4 RASC report when published.

The following areas which outline the actions being taken to address them were identified through the 2018-19 annual governance review:-

No.	Areas identified in 2018-19	Actions	Lead Officer
1	<b>Brexit</b> Impact of the UK leaving the European Union on the council	The potential implications for the council in relation to:- <ul style="list-style-type: none"> <li>• Funding and finance;</li> <li>• Workforce and employment;</li> <li>• Procurement and trade;</li> <li>• Legislation; and</li> <li>• Support to local businesses.</li> </ul> <p>have been considered and the council will continue to closely monitor the situation with contingency arrangements being implemented where required.</p>	Director of Finance and Corporate Resources
2	<b>Best Value Assurance Review</b> Changes to the council's governance and service delivery arrangements to deliver the improvement plan	During 2018-19, the council were subject to a Best Value Assurance Review. The Assurance Report makes recommendations for improvement and the council has developed a plan to deliver these. During 2019-20, the council will begin the process of implementing the improvement plan including working with Partners to deliver the actions that fall within the remit of the Community Planning Partnership.	Director of Finance and Corporate Resources
3	<b>Mid-term review of committee procedural documents</b> Changes to the council's governance arrangements in relation to committee decision making processes and procedures	A comprehensive review of the committee procedural documents has commenced. All councillors have been consulted and the process is being overseen by the Standards and Procedures Advisory Forum. The review will be concluded by December 2019.	Director of Finance and Corporate Resources

No.	Areas identified in 2018-19	Actions	Lead Officer
4	<b>Participatory Budgeting</b>  1% of the council's budget to be subject to Participatory Budgeting	<p>By 2020-21 all Scottish councils are required to commit 1% of their budget to Participatory Budgeting (with the "council budget" being defined as the council's Total Estimated Expenditure (TEE) less Assumed Council Tax Income both taken from the Government's Finance Settlement).</p> <p>Councillor's awareness sessions have been conducted and a report on Participatory Budgeting was presented to Executive Committee in May 2019.</p> <p>Further update reports will be submitted to committee.</p>	Director of Finance and Corporate Resources
5	<b>Financial Challenges</b>  Reduction in council funding, resulting in difficulties maintaining front line services	<p>The council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand.</p> <p>The council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028-29.</p> <p>The Budget Strategy for 2020-21 will be updated and presented to councillors during autumn 2019.</p>	Director of Finance and Corporate Resources
6	<b>GDPR</b>  Compliance with the new General Data Protection Regulations (GDPR)	<p>GDPR came into effect on 25 May 2018. The council is progressing its GDPR action plan and has appointed a Data Protection Officer; approved an Information Security Policy; completed an information audit; and delivered internal and external training.</p> <p>The council is currently in the process of developing and implementing a new file plan system to provide a greater level of control over the management of all data held by the council. Stage One was completed December 2018 and Stage Two will be completed during 2019-20.</p> <p>During 2019-20 further actions to ensure compliance with GDPR will be undertaken:-</p> <ul style="list-style-type: none"> <li>Employee training on "How Data Protection Works"; and</li> </ul>	Director of Finance and Corporate Resources

No.	Areas identified in 2018-19	Actions	Lead Officer
		<ul style="list-style-type: none"> <li>Replacement of the current Privacy Policy with a Data Protection Policy</li> </ul>	
7	<b>Integrated Joint Board – Health and Social Care</b>  The council will need to consider the implications from recent national reports and policy changes	The Integrated Joint Board members and other relevant stakeholders will participate in workshops to consider the current position in relation to the recommendations/policy changes, identify gaps and agree areas for improvement.  A new Strategic Commissioning Plan 2019-22 has been approved by the IJB.  Directions that set out the key actions to be delivered by the council during the year 2019-20 were issued on 31 March 2019.	Director, Health and Social Care, South Lanarkshire Health and Social Care Partnership
8	<b>National expansion in early years education and childcare provision</b>  The council is likely to face challenges in acquiring the necessary physical assets and staffing levels to meet the commitments by 2020	Strategic and operational plans are in place with key milestones identified in terms of infra-structure, financial, personnel, quality standards, training and recruitment and on consultation with partners and parents identified to deliver 1140 hours of early learning and childcare by August 2020.  Regular reporting mechanisms are also in place with updates provided to committee including engagement with partner providers to increase private and third sector partnership.	Director of Education Resources
9	<b>Welfare Reform</b>  Impact of Welfare Reform on council services	Regular update reports on Welfare Reform are provided to the Senior Management Team (SMT), committee and the Community Planning Partnership (CPP) Board to ensure effective partnership working. During the year, a Welfare Reform Workshop was held with Partners and Third Sector Organisations. As a result, the Welfare Reform information provided to the SMT and the CPP Board and the membership of the Welfare Reform Group is being reviewed.  During 2019-20, the council will be looking at the structures and services used to support those affected by Welfare Reform.	Director of Finance and Corporate Resources
10	<b>Child Poverty</b>  The council's contribution to meeting	A Child Poverty Lead Officer Group was established to draft the first Child Poverty Action Report. The council, NHS	Director of Finance and

No.	Areas identified in 2018-19	Actions	Lead Officer
	the national child poverty reduction targets as set out in the Child Poverty (Scotland) Act 2018 and the requirement to undertake new activity and a new approach to tackling child poverty.	<p>Lanarkshire and South Lanarkshire Community Planning Partners have developed the first report for publication by 30 June 2019.</p> <p>Work is underway to deliver the Partnership's Child Poverty Action Plan for 2019-20.</p> <p>Feedback on the Local Action Reports will be provided by the new Poverty and Inequality Commission during 2019-20.</p>	Corporate Resources

## 8. Summary

The annual review of governance arrangements across the council and overall compliance with the council's Code demonstrate sufficient evidence that the Code's principles of Delivering Good Governance in Local Government operated effectively and that the council complies with its Code.

During 2019-20, steps will be taken to address the significant governance areas highlighted in this statement to further enhance the council's governance arrangements and evidence our commitment to continuous improvement.

**John Ross**

**Leader of the Council**

**Signature:**

**Date:**

**Lindsay Freeland**

**Chief Executive**

**Signature:**

**Date:**

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

**Signature:**

**Date:**





# **South Lanarkshire Council**

## **Good Governance Action Plan**

# **improve**

### **Progress Report**

### **Quarter 4 : 2018/19 - April to March**

## How to use this performance report

This performance report is intended to be both informative and easy to use. The guide below is designed to help you get the most out of the report and to answer the most common questions you might have.

**Measure Status – are we on course to achieve? The "traffic light" codes are:**

**Green**

Achieved, or due to achieve with no issues

**Amber**

There may be problems or minor slippage

**Red**

Not on course, major slippage anticipated

Measures which are to be reported later or which are "for information only" are not colour coded

Governance Plan action and associated measures

Progress update against measure

### Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Implement the provisions of the Community Empowerment Act	Continue working with the three pilot communities to co-produce and deliver Neighbourhood Plans together with Community Planning Partners	Three areas were identified to test a new approach to Neighbourhood Planning. Communities are shaping the approach being taken forward in each of the three areas. Over 1,200 households took part in an early consultation exercise to identify key community priorities and reports have been produced.  Local partner organisation staff have been supporting the activity and will work with the communities to develop plans and actions to progress community priorities and improve local outcomes. To support early action, participatory budgeting events are being planned for late spring/summer.	Green
	Develop a Community Planning Partnership participation engagement strategy by 31 March 2019	A Community Planning Partnership writing group has been formed to develop the Participation and Engagement Strategy. A proposed structure for the Strategy has been developed and a consultation pack is currently being finalised.	Green
Prepare and set Revenue Budget and declare Council Tax by statutory date. Ensure link with budget and service planning	Declare Council Tax and obtain council approval of budget by the statutory deadline	Declaration of Council Tax and the approval of the 2019-20 Budget will be reported at a later date.	Report Later
Deliver the objectives of the Council Plan Connect	Revise the Corporate Management Team and Committee reporting templates to make the values in the Council Plan, Connect more prominent by March 2019	This will be progressed during 2018-19.	Green
Ensure that high standards of governance are being exercised	Local Code of Corporate Governance to be approved and rolled out to all employees and elected members by March 2019	The Governance Team will review and update the Council's Local Code of Corporate Governance with the changes highlighted from the review of governance arrangements.	Green





Summary - number of measures green, amber and red

Green	Amber	Red	To be reported later	Total
17	0	2	2	21

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Work with communities and partners to enhance community planning and service delivery	Continue working with the three pilot communities to co-produce and deliver Neighbourhood Plans together with Community Planning Partners	The 'Our Place Our Plan' neighbourhood plans are now in place in each of the three pilot areas and launch events were hosted in late February and early March 2019. Attendance levels were as follows in Springhall and Whitlawburn 98 Adults and 88 Young People, in Hillhouse, Udston and Burnbank 84 Adults and 59 Young People attended and in Strutherhill and Birkenshaw 63 Adults and 33 Young People. The events were used to showcase existing and developing neighbourhood planning activity and acted as a catalyst to raise awareness and promote wider representative involvement in neighbourhood planning. Proactive recruitment of local people also took place at the events to heighten community involvement in neighbourhood planning structures including the stakeholder groups and associated working groups established to progress the early actions in Phase 1 of Our Place Our Plan.	Green

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
	Develop a Community Planning Partnership participation and engagement strategy by 31 March 2019	<p>A draft document and graphic designs are now ready for public consultation. The newly established Community Participation and Empowerment Team are leading on the continued development of the Strategy using the public consultation process designed by the partners.</p> <p>The completed Strategy will ensure that appropriate links between policies, plans and strategies across the council/partnership are made.</p> <p>Following approval from CMT, extensive public consultation will commence and the final version of the strategy will be presented to the Executive Committee for approval by December 2019.</p>	Red
Prepare and set Revenue Budget and declare Council Tax by statutory date. Ensure link with budget and service planning	Declare Council Tax and obtain council approval of budget by the statutory deadline	The level of Council Tax and the 2019-20 Budget was approved on 27 February 2019.	Green
Deliver the objectives of the Council Plan Connect	Revise the Corporate Management Team and Committee reporting templates to make the values in the Council Plan, Connect more prominent by March 2019	The report template is designed and structured so that all essential information required is there for members to make an informed decision, including purpose, recommendations, employee and financial implications. Links to Council objectives, values and ambitions are included at the end of the report before all other supplementary information.	Green

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Ensure that high standards of governance are being exercised	Local Code of Corporate Governance to be approved and rolled out to all employees and elected members by March 2019	The Code was agreed by the Risk and Audit Scrutiny Forum in June 2018. A briefing for Elected Members took place during August 2018. The Joint Trade Union Committee (JTUC) approved the changes to the employee Code of Conduct and this was issued to employees through a Personnel Circular and a Management Bulletin.	Green
	Review the Risk Management Partnership Guidance by December 2018	Target date reassigned to 31 March 2019.  Guidance has been reviewed and updated where required. Guidance from CIPFAs document, 'Delivering Good Governance in Local Government – Guidance Notes for Scottish Authorities (2016 Edition)' has been incorporated.  Updated guidance to be rolled out via Risk Sponsors and uploaded to the intranet.	Green
	Ongoing implementation of the review of Charities	On 25 April 2018 a proposal to re-organise all existing charitable trusts, bequests and donations to create a new modernised trust which is fit for purpose in terms of current charity legislation was presented to, and approved by, the Finance and Corporate Resources Committee.  Trustees were subsequently appointed at the Executive Committee meeting on 15 August 2018. Work continues with the Office of the Scottish Charity Regulator (OSCR) to have the modernised Trust Deeds approved/implemented.	Green

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Support and facilitate open and transparent governance and decision making arrangements	Implement the findings of the Risk and Audit Scrutiny Forum by March 2019	At its meeting in June 2018, the council agreed that the Risk and Audit Scrutiny Forum be renamed as the Risk and Audit Scrutiny Committee and be given decision-making powers. The Committee approved the council's Annual Accounts 2017-18 in September 2018. Minutes of the Committee are submitted to the council for noting.	Green
Deliver an effective internal audit service	Review the Confidential Reporting procedures and all fraud policies, strategies and procedures and update where required	Reporting to CMT 30 August 2018. Further internal authorisation processes agreed. Plans in place to rebrief.  Action achieved.	Green
	Implement the Internal Audit PSIAS (Public Sector Internal Audit Standards) action plan from the 2017-18 External Inspection	Twelve actions agreed following completion of PSIAS inspection in 2017-18. Twelve have been implemented.  Action achieved.	Green
Compliance with statutory response timescales for information in terms of FOISA, EI(S)Rs and for subject access requests under the DPA (Note: results should be considered in the context of the number of requests received)	Implement the General Data Protection Regulation on 25 May 2018 including the provision of legal advice and supporting guidance on behalf of the Information Governance Board (IGB) and prepare for the same implementation of Part 3 of the Data Protection Bill in relation to law enforcement. Provide general support to the IGB in its administration. Monitor progress and provide quarterly updates to the Corporate Management Team	Resources are continuing with identified actions required to comply with the GDPR. Briefing notes on both the GDPR and the DPA have been updated and are available on the Intranet. Learn on Line courses continue to be updated and an external trainer provided additional training in November 2018 and further training on law enforcement on 29 April 2019 and Data Privacy Impact Assessments on 10 May 2019 will be provided. Work has been progressed within Community and Enterprise Resources in relation to Part 3 of the DPA involving law enforcement services.	Green
Provide support to elected members	Develop a training needs analysis for all Elected Members by July 2018	Training Needs analysis for Elected Members 2018-19 completed.	Green

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Raise awareness of equality obligations throughout the council	Develop a British Sign Language Plan through engagement with representative groups and publish by 23 October 2018	<p>The BSL plan was completed and published in English and BSL by the due date.</p> <p>The plan has received all the necessary committee approvals.</p> <p>Work is ongoing to deliver the actions from the plan.</p>	Green
	Identify and make appropriate links between the Equality Impact Assessment process and the requirements of the Fairer Scotland Duty by March 2019	<p>Links between the two requirements have been identified and an interim template developed.</p> <p>Work is ongoing in conjunction with the Improvement Service and COSLA to develop guidance and tools in relation to the Fairer Scotland Duty.</p>	Green
Develop and implement council wide equality performance measures and publish results in accordance with Public Sector Equalities Duties (PSED)	Review the Equality Impact Assessment online recording tool and the process by March 2019	<p>Guidance on the Fairer Scotland Duty is still interim, in addition the review of the PSED is still outstanding with no date when this will be completed therefore the review of the process will not be undertaken until a clearer picture emerges of the requirements of the Duty.</p> <p>This will be subject to review and reported later.</p>	Report Later
Prepare and implement appropriate financial strategies taking account of economic conditions and local government settlements	Complete the update of 2019-20 financial strategy by summer 2018	<p>The 2019-20 Financial Strategy was presented to the Executive Committee on 27 June 2018.</p> <p>Further report on the Financial Strategy 2019-2020 to 2021-2022 and the Longer Term Outlook to 2028-2029 was presented to the Executive Committee on 15 August 2018.</p>	Green

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Prepare and implement appropriate financial strategies taking account of economic conditions and local government settlements	Formalisation of a document to be used by all Resources to form a consistent approach to following the public pound by March 2019	<p>A guidance document has been prepared on Following the Public Pound. This has been issued to council officers who hold budgets, and who allocate council funds to external bodies.</p> <p>This document will be accessed by a link in the formal political management documents (Financial Regulations), when these are updated in 2019. This will ensure a consistent approach is employed across the council in relation to the requirements of Following the Public Pound.</p>	Green
	Monitor and report on the impact of Welfare Reform, in particular the continued roll out of Universal Credit for working age benefit claimants, working effectively with partner organisations.	Regular updates provided to CMT and Committee. Also working closely with Community Planning Partnership Board to ensure effective partnership working.	Green
Review the council's approach to Performance Management on an ongoing basis	Consider feedback from External Audit on the Annual Performance Report and implement any changes that may be required by October 2018	Taking on board comments from External Audit, we replaced the Annual Performance Report (APR) with Annual Performance Spotlights (APSS) – bite sized web content performance information per Connect objective. This was completed within the target timescale and received positive feedback from External Audit.	Green
Deliver and maintain a Communications Strategy which outlines how effective internal and external communications will be delivered	Develop a three-year strategy document by September 2018, to be maintained through an annual refresh thereafter	In final stages of preparation ahead of approval at the end of June 2019.	Red

## Good Governance Action Plan

Action	Measures	Comments/Progress	Status
Ensure our commitment to employees through the development and implementation of personnel policies and employee learning and development (L&D) opportunities	Develop a Recruitment Strategy by March 2019	Work is ongoing in respect to changes in recruitment and policies and procedures are being updated accordingly.	Report Later



CIPFA Better Governance Forum

## Audit Committee Update

– helping audit committees to be effective

Developing an Effective Annual Governance Statement

March 2018

Dear Audit Committee Member,

I hope you find the first Local Audit Quality Forum a useful and worthwhile day. CIPFA believes that audit committees have a valuable role to play in supporting good governance, strong public financial management and effective internal audit and external audit, so we are very pleased to support this initiative.

I hope this briefing will be a useful resource to supplement the day. It looks at the steps an authority can take to develop an effective annual governance statement and the contribution the audit committee can make to that.

The briefing is available to download free from our website: [www.cipfa.org/services/support-for-audit-committees](http://www.cipfa.org/services/support-for-audit-committees).

Our Position Statement on Audit Committees will also be available to download from the CIPFA website shortly.

Best wishes

Rob Whiteman  
Chief Executive  
CIPFA

# Developing an Effective Annual Governance Statement

CIPFA and Solace introduced a new governance framework, *Developing Good Governance in Local Government: Framework*, in April 2016, with seven new governance principles. By adopting the new Framework local authorities should be ensuring that their governance arrangements in practice are in accordance with the principles. The annual governance statement (AGS) is a mandatory requirement for local government bodies set out in statutory regulations<sup>1</sup>. In essence, it is an accountability statement from each local government body to stakeholders on how well it has delivered on governance over the course of the previous year. The benchmarks that are used to make that statement are the principles in the Framework.

## What does the guidance say?

The guidance for the AGS is included along with the Framework and it builds on the previous requirements<sup>2</sup>. In addition to the organisation acknowledging its responsibility for ensuring governance is effective, the AGS should:

- focus on outcomes and value for money
- evaluate against the local code and principles
- be in an open and readable style
- include an opinion on whether arrangements are fit for purpose
- include identification of significant governance issues and an action plan to address them
- explain action taken in the year to address the significant governance issues identified in the previous year's statement
- be signed by the chief executive and leading member in a council. The police and crime commissioner (PCC) and chief constable should sign theirs.

CIPFA has not established any 'set text' for authorities to use in acknowledging their responsibility for the governance framework. Many authorities have tended to use the original text from the 2007 guidance, but CIPFA has not included this in the latest guidance in order to encourage more flexibility.

## Who is the audience?

The AGS is prepared to account to your stakeholders and they are wide and varied. They include:

- local citizens
- local businesses
- partners
- Ministry of Housing, Communities and Local Government (MHCLG)
- external auditors, inspectorates and regulators.

In addition, it should also be a statement that is of value internally – to other members of the governing body and to staff.

## What makes a meaningful statement?

The most important way to make the statement meaningful is to ensure that it is an open and honest reflection of your governance and your current challenges. It has been known for the AGS to contain 'window dressing statements' to gloss over areas of poor performance or to fudge the effectiveness of interventions. Where that is the case, the AGS adds little value and

---

<sup>1</sup> In England the [Accounts and Audit Regulations 2015](#)

<sup>2</sup> [Delivering Good Governance in Local Government: Framework \(Addendum\)](#) CIPFA 2012

doesn't build confidence in the leadership of the organisation. One of the key aspects of the AGS is the identification of areas for improvement and the associated action plan. Where these are done well the AGS becomes a meaningful tool for improving governance.

The AGS should also provide a clear evaluation against the principles of good governance and an opinion of whether the arrangements are fit for purpose or not. If the opinion is vague or not included then again the AGS does not send a clear message about accountability.

### **What can be done to make the statement more effective?**

Effectiveness of an AGS will be improved if it more successfully communicates the key messages. There are a number of approaches that some authorities have taken to make their AGS more effective:

- keeping it short and focused – where an organisation has an up-to-date local code that sets out their arrangements, then the AGS can make reference to that rather than repeat the detail
- using diagrams to explain key elements
- using colour or pictures to engage the reader.

Regardless of how well the AGS is written, it will not be effective if it is not regarded as important by those charged with governance and the leadership team.

### **What shouldn't we do?**

There are a number of pitfalls in preparing an AGS. These are some of the common ones:

- not ensuring that a range of perspectives support the AGS
- making it too long and wordy
- including too much description rather than evaluation
- omitting the opinion on whether the arrangements are fit for purpose or not
- not being explicit about the actions that will be taken to address the governance issues identified
- not accounting for action taken to address previous weaknesses.

### **How can the audit committee help?**

The audit committee can play a very valuable role in the development of the AGS and in the finished look of the statement. The committee should understand the process that has been undertaken to review governance and so should be able to see how the conclusions in the AGS have been arrived at. There should be no real surprises for the committee.

The committee can provide a valuable reality check for the draft document as well. Is it well written and clearly presented? Is the action plan adequate and realistic?

The committee can send an important message about the value and importance of the AGS, which will support those providing assurance to support its conclusions. Once the AGS has been approved, the committee can review progress in implementing the actions, so helping to ensure that the AGS is meaningful and is an effective tool for improvement in governance.

### **A note on timing**

For the 2017/18 AGS in England the deadline for approval and publication of the statement will be brought forward to 31 July instead of 30 September. This is a requirement of the [Accounts and Audit Regulations 2015](#). As a result, committees may find that the AGS is appearing on their agendas earlier than in previous years.

Published by:

**CIPFA \ THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY**

77 Mansell Street, London E1 8AN

020 7543 5600 \ [www.cipfa.org](http://www.cipfa.org)

© 2018 CIPFA

No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the authors or publisher.

While every care has been taken in the preparation of this publication, it may contain errors for which the publisher and authors cannot be held responsible.

Apart from any fair dealing for the purposes of research or private study, or criticism or review, as permitted under the Copyright, Designs and Patents Act 1988, this publication may be reproduced, stored or transmitted, in any form or by any means, only with the prior permission in writing of the publishers, or in the case of reprographic reproduction in accordance with the terms of licences issued by the Copyright Licensing Agency Ltd. Enquiries concerning reproduction outside those terms should be sent to the publishers at the above mentioned address.



Diana Melville  
CIPFA  
77 Mansell Street  
London  
E1 8AN  
[diana.melville@cipfa.org](mailto:diana.melville@cipfa.org)  
[www.cipfa.org](http://www.cipfa.org)

o

---



# Report

**5**

Report to: **Risk and Audit Scrutiny Committee**  
 Date of Meeting: **19 June 2019**  
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Unaudited Annual Accounts 2018/2019**

## **1. Purpose of Report**

1.1. The purpose of the report is to:-

- ♦ advise members of the requirement to consider the unaudited Annual Accounts of the Council and related Charitable Trusts by 31 August 2019.

## **2. Recommendation(s)**

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Unaudited Accounts of the Council and related Charitable Trusts, to be submitted to Audit Scotland by the deadline of 30 June, be noted.

## **3. Background**

3.1. The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited accounts to be submitted to the external auditor no later than 30 June. The Regulations also require elected members to consider the unaudited accounts at a meeting to be held no later than 31 August.

3.2. The Council's Terms of Reference deems that the Risk and Audit Scrutiny Committee will formally consider the unaudited accounts prior to submitting them to the external auditor and making them available for public inspection.

3.3. This report provides details of the Accounts enclosed for members' consideration being the Council Accounts (Section 4) and the related Charitable Accounts (Section 5).

## **4. Unaudited Accounts – South Lanarkshire Council**

4.1. The Council's Unaudited Accounts for 2018/2019, copies of which have been e-mailed to Members of this Committee under separate cover, is a statutory document which details key information on the Council's expenditure and income for the financial year ended 31 March each year. The Annual Accounts show a number of main statements including a Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves, Cash Flow and supplementary notes.

4.2. The Accounts include a reconciliation between the management information in the format reported to the Council's Committees throughout the year (the Expenditure and Funding Analysis), and apply accounting entries in line with the CIPFA Code of Practice, to produce the main statements detailed in 4.1.



- 4.3. A report on the final outturn position on the Council's Revenue Budget is being presented to the Executive Committee on 26 June 2019 which seeks approval to transfer funds to reserves to meet future budget pressures and commitments.
- 4.4. The information contained in the Unaudited Accounts (e-mailed to Members of this Committee and available on the Council's website on 28 June 2019 for public inspection) takes into account the position reported the Revenue Outturn report, and is, therefore, subject to the approval of the Executive Committee.
- 4.5. Following the audit of the Accounts across the summer months, the Audited Annual Accounts will be brought back to this Committee on 18 September 2019, along with the External Auditor Members' report for formal approval and signature.
- 4.6. A copy of the Unaudited Accounts will be circulated to all elected members following this meeting.
- 5. Unaudited Accounts – Charitable Trusts**
  - 5.1. In addition to the Unaudited Accounts for the Council, this Committee is also required to consider the accounts of the 3 related Charitable Trusts: South Lanarkshire Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust. These have also been e-mailed to Members of this Committee under separate cover and will be available on the Council's website on 28 June 2019 for public inspection.
  - 5.2. These Audited Accounts will also be brought back for approval and signature on 18 September 2019, along with the External Audit Members' report.
- 6. Employee Implications**
  - 6.1. There are no direct employee implications from this report.
- 7. Financial Implications**
  - 7.1. There are no direct financial implications arising from this report.
- 8. Other Implications**
  - 8.1. The main risk associated with the Council and Charitable Annual Accounts is a qualified audit report. The risk has been assessed as low due to the detailed preparation in relation to the year-end process, technical training undertaken by key finance staff and the roll out of this to Resource finance staff as appropriate. Finance Services and Resources work together to achieve key deadlines and actions set from timetables.
  - 8.2. There are no implications for sustainability in terms of the information contained in this report.
- 9. Equality Impact Assessment and Consultation Arrangements**
  - 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
  - 9.2. There is also no requirement to undertake any consultation in terms of the information contained in this report.

**Paul Manning**  
**Executive Director (Finance and Corporate Resources)**

6 June 2019

**Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

**Previous References**

- ◆ None

**List of Background Papers**

- ◆ South Lanarkshire Council Annual Accounts 2018/2019
- ◆ Charitable Trusts' Annual Accounts 2018/2019
- ◆ Financial Ledger 2018/2019 and associated working papers

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: [lorraine.o'hagan@southlanarkshire.gov.uk](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)



# Report

**6**

Report to: **Risk and Audit Scrutiny Committee**  
 Date of Meeting: **19 June 2019**  
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Internal Audit Activity as at 31 May 2019**

## **1. Purpose of Report**

1.1. The purpose of the report is to:-

- ◆ Update the Risk and Audit Scrutiny Committee (RASC) on progress by, and performance of the Internal Audit service in the period to 31 May 2019

## **2. Recommendation(s)**

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that progress and performance is noted

## **3. Background**

3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in April 2019. This reported on work completed in the period 17 January to 3 April 2019. This report covers all work completed in the period 4 April to 31 May 2019. Performance information is also included.

## **4. Performance**

- 4.1. As at 31 May 2019, 28% of 2019/2020 assignments have been started. The other key performance indicators reflecting quality, on time and within budget for the period to 31 March 2019 are summarised in Appendix One together with explanations. 80% of draft reports have been issued on time and 80% within budget against targets of 80% respectively. Quality continues to be monitored through internal quality control procedures.
- 4.2. Client contributions to the delivery of the audit plan take the form of responding to draft reports, agreeing to closing meetings and signing reports quickly once agreed. 97% of audit assignments were concluded to a signed action plan within four weeks of the issue of a draft report against a target set of 80%.
- 4.3. Members are asked to note performance.

## **5. Findings**

5.1. Appendix Two lists all assignments completed in the period 4 April to 31 May 2019 and the key messages, in respect of the following significant assignments completed in this period, have been appended to this report:

- ◆ I232084 Universal Credit 2018/2019 (Appendix Three)
- ◆ I410057 Follow Up Leavers and Movers (Appendix Four)

5.2. Members are asked to note findings.

## **6. Progress against Strategy**

6.1. The Public Sector Internal Audit Standards (PSIAS) requires progress against the audit strategy to be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting.

6.2. Delivery of the strategy will be evidenced by completion of the 2019/2020 Plan and will be monitored through the performance indicators regularly reported to the Committee throughout the period.

## **7. Employee Implications**

7.1. There are no employee issues.

## **8. Financial Implications**

8.1. A breakeven position is forecast at the end of the financial year for the Internal Audit section.

## **9. Other Implications**

9.1. The main risks to the delivery of the Audit Plan are vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. These are mainly mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the annual plan.

9.2. There are no implications for sustainability in terms of the information contained in this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

10.1. There is no requirement to equality assess the contents of this report.

10.2. Heads of Service are consulted on each and every audit assignment.

**Paul Manning**

**Executive Director Finance and Corporate Resources**

31 May 2019

## **Link(s) to Council Objectives/Improvement Themes/Values**

- Achieve results through leadership, good governance and organisational effectiveness

## **Previous References**

- ◆ Internal Audit Plan 2019/2020 – Risk and Audit Scrutiny Committee, 24 April 2019
- ◆ Internal Audit Activity as at 3 April 2019, 24 April 2019

## **List of Background Papers**

- ◆ Figtree extracts of Action Plans

## **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Ext: 2618  
(Tel: 01698 452618)  
E-mail: [yvonne.douglas@southlanarkshire.gov.uk](mailto:yvonne.douglas@southlanarkshire.gov.uk)

## Key audit performance indicators as at 31 March 2019

## Appendix One

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	43/54	80%	80%	
Draft reports delivered within 6 weeks of file review	52/65	80%	80%	
2018/2019 Audit Plan completed to draft by 31 March 2019	61/66	92.4%	100%	The five outstanding assignments all relate to special investigations.
Internal Audit recommendations delivered on time	72/80	90%	90%	
Client to agree findings and actions within 4 weeks of draft issue	37/38	97%	80%	



Job no.	Assignment name	Draft Issue	Final Issue	Assurance Info
<b>Prior Year – Assurance Reports</b>				
I232084	Universal Credit	31/03/2019	20/05/2019	See Appendix Three
I410057	Follow Up Leavers and Movers	31/03/2019	07/05/2019	See Appendix Four
I410061	Follow Up Snagging in Schools	31/03/2019	13/05/2019	Some progress with implementing audit recommendations but further work required to fully implement. Progress with such will continue to be monitored.
I650138	Fast Cash Discrepancies	26/03/2019	04/04/2019	Adequate assurance was obtained that procedures / processes are in place and are being implemented to ensure that school meals fast cash banking differences are quickly identified, investigated and satisfactorily resolved.
I676128	Lighting Contract	19/07/2018	26/04/2019	Process was largely compliant. The approach to procuring the service to be reviewed in advance of the next award to ensure that all risks are mitigated.

<b>2018/2019</b>				
<b>External Clients</b>				
I912111	SLLC CCM Petty Cash and Supplier Expenditure 2019/2020	08/05/2019	13/05/2019	Reported to SLLC

**Objective**

The audit objective was obtain assurance that housing benefits are being stopped timeously, where appropriate, when a person has moved over to Universal Credit.

**Key Summary**

From the testing undertaken, assurance was obtained that controls are in place, procedures have been produced and processes are being followed to end housing benefit for the claimant, where applicable, when they move over to Universal Credit.

**Main Findings**

- Housing Benefit (HB) Stop data uploads were undertaken in numerical order as per system controls, which prevents notifications being missed in error
- Procedures have been produced to ensure the Benefit processor appropriately ends the claimant's housing benefit, where applicable
- All HB Stop notifications within the sample were ended on the correct date and awarded the two week transitional payment, where applicable or eligible
- Council Tax Reduction only claims commenced correctly on the day following the end of housing benefit, where applicable
- Any overpayment in housing benefit due to processing delays by the Department of Work and Pensions (DWP) in the tenant's move to Universal Credit were correctly recorded as a DWP error and notified to the DWP.
- Any existing overpayment in place when the tenant's housing benefit ended was passed for recovery appropriately
- Discretionary Housing Payments in place to cover the shortfall due to the bedroom tax are ended appropriately
- Housing Officers check arrears and ensure the tenant has re-applied for their DHP, where applicable
- All MGP1A forms used to notify the DWP that housing benefit has ended and of any overpayment in place, were completed and returned to the DWP within their five day timescale.

**Good Practice**

- Where possible, the process of ending Housing Benefit is carried out on the same day of the HB Stop notifications being uploaded, to prevent a backlog of work and to ensure timescales are met.

**Objective**

The objective of the audit work in this area was to obtain assurances, via the use of data matches of users to leavers and movers, that permissions were being terminated when no longer necessary.

**Key Summary**

In general, assurances were obtained that, at the time of the audit, all recent leavers using the sample systems (with the exception of one system) had had their access terminated. For the remaining system, there is some assurance that the systems administrator has now carried out a full review exercise to verify the permissions required.

Developments in this area could facilitate ongoing 'data match' exercises to continue to obtain assurances that leavers access is terminated.

**Main Findings**

- Systems permissions removed for 'leavers' for three of the four systems
- Developments are required to facilitate a full data match for 'movers'

**Areas for Development**

- Capture of payroll CCM (by Internal Audit)
- Introduction of common, unique employee identifiers across council systems
- Provision of generic, good practice guidance for all systems administrators



# South Lanarkshire<sup>7</sup> Council

Management report 2018/19



 AUDIT SCOTLAND

Prepared for South Lanarkshire Council  
June 2019

---

# Audit

---

## Introduction

1. This report contains a summary of the key issues identified during the interim audit work carried out at South Lanarkshire Council during March to May 2019.
2. Our interim work included testing of key controls within financial systems and verification to source documentation of significant income and expenditure transactions up to January 2019. As the income and expenditure verification testing was performed prior to the 2018/19 financial year end, the need for additional testing will be considered as part of the financial statements audit to ensure sufficient audit coverage for the full year is achieved.
3. We will consider the results of this testing when determining our approach to the audit of the 2018/19 annual accounts.
4. Our responsibilities under the [Code of Audit Practice](#) require us to assess the system of internal control put in place by management. We seek to gain assurance that the council:
  - has systems for recording and processing transactions which provide a sound basis for the preparation of the financial statements
  - has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
  - complies with established policies, procedures, laws and regulations.
5. In addition, we carried out work on the audit dimensions as required by the [Code of Audit Practice](#). This included reviewing the council's preparedness withdrawal from the European Union and the council's process for monitoring the risk of dependency on key suppliers. Further work on the wider dimensions will be included in our annual audit report.

## Conclusion

6. We did not identify any issues which present a risk of material misstatement for the 2018/19 financial statements. Whilst no errors were found, control weakness identified mean that some additional audit work will be required to allow us to obtain the necessary assurances for the audit of the 2018/19 financial statements. This will focus on extending our substantive testing of staff costs.

## Work summary

7. Our 2018/19 testing covered key controls in the following areas:

- |                                   |   |
|-----------------------------------|---|
| • Bank reconciliations            | • IT access                                   |
| • Payroll controls                | • Budget monitoring                           |
| • Authorisation of journals       | • Feeder system reconciliations               |
| • Change of supplier bank details | • Controls for preventing and detecting fraud |

8. In accordance with International Standard on Auditing (ISA) 330: The Auditor's Responses to Assessed Risk, our audit judgements are based on current year testing of controls and where appropriate prior year results. Our risk based audit approach allows us to place reliance on previous years' audit work where controls remain unchanged and no significant weaknesses had been identified. Where possible we place reliance on the work of internal audit to avoid duplication of effort.

9. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

## Risks

10. [Ex hib it 1](#) sets out the risks identified from our interim audit

11. Weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to the council.



## Exhibit 1

### Key findings and action plan 2018/19

Issue identified	Management response	Responsible officer and target date
<b>Audit findings</b>		
<b>1. Payroll validation</b> <p>Employee validation checks to confirm the existence of employees provides assurance on the completeness and accuracy of payroll records and is an important control within any payroll system.</p> <p><b>Risk: Payments are made to individuals not in the employment of the council.</b></p>	<p>Management has confirmed that a validation exercise will be performed every two years with the next planned for 2019/20.</p>	<p>Laurane Rhind, Personnel Manager</p> <p>End March 2020</p>
<b>2. Late notification of new starts</b> <p>From our sample of 15 new starters, 3 were not added to the payroll timeously due to late notification by the Personnel Service.</p> <p>As a result of late notification, the payment of salary/wages had to be made outwith the normal payrun.</p> <p>We also found that, in the quarter ending 31 December 2018, 126 payments were made outwith the normal payrun.</p> <p><b>Risk: Increased administrative time and financial costs of processing pays outwith the normal payrun.</b></p> <p><b>Staff costs are not properly accounted for at year end.</b></p> <p><b>Increased potential for fraud/error.</b></p>	<p>The Personnel Service works to ensure new starts are added timeously in all cases. Process improvement have been made to enhance controls.</p> <p>Reminders on processes for new starts and further training will be issued for managers and personnel staff.</p> <p>The majority of payments made outwith the normal payrun are due to overtime. It is noted that 126 equates to less than 0.3% of the total number of payroll payments made in any quarter.</p> <p>The introduction of a self-service approach should minimise payments made outwith the normal.</p>	<p>Laurane Rhind, Personnel Manager</p> <p>Sept 2019</p> <p>Laurane Rhind, Personnel Manager</p> <p>End March 2020</p>
<b>3. Payroll overpayments</b> <p>Our review of the council's overpayment reports up to 31 December 2018, found that there were some 200 outstanding salary/wage overpayments valued at some £0.236 million. Of these, 15 (£21,237) do not have repayment plans in place.</p> <p><b>Risk: Overpayments are not recovered resulting in financial loss to the council.</b></p>	<p>The Council pursues all overpayments vigorously. These can arise due to a number of reasons including an employee leaving with no notice.</p> <p>Of these 15 overpayments without repayment plans, 12 now have a plan in place. The remaining 3 continue to be pursued.</p> <p>As a percentage of total salaries paid for the year, the outstanding overpayments without an arrangement in place equates to 0.01%, a minimal value.</p> <p>System solutions to assist processing employee changes are being explored.</p>	<p>Laurane Rhind, Personnel Manager</p> <p>End March 2021</p>

Issue identified	Management response	Responsible officer and target date
<p><b>4. Approval of journal entries</b></p> <p>The council's financial ledger is the system for recording all transactions and preparing the financial statements. Journal entries are how the council's financial ledger is manually updated. To minimise the risk of error and fraud we would expect each journal entry to be prepared and authorised by different members of staff. This control is not in operation.</p> <p><b>Risk: The ability of officers to approve their own journals increases the risk that invalid, erroneous or fraudulent journals could be posted to the financial ledger.</b></p>	<p>Management believe any risk is mitigated by the other controls in place.</p> <p>These include:</p> <ul style="list-style-type: none"> <li>• The provision of 4 weekly reports listing journals with a value of over £100,000 to relevant managers within Resource Directorates for review,</li> <li>• Internal budget monitoring arrangements which should identify and correct any significant mis-postings,</li> <li>• Restrictions on which staff are able to complete journals and the ledger codes that they can post to,</li> <li>• Electronic audit trail within the system of who has raised and approved all journals, and</li> <li>• No risk of cash loss to the Council as journals only move money around the ledger.</li> </ul>	<p>Not applicable – no planned action.</p>

Source: Audit Scotland

## Other audit

### Dependency on key suppliers

12. The collapse of Carillion has had a significant impact across the public sector. This has brought into focus the risk of key supplier failure and underperformance of suppliers that are experiencing difficult trading conditions.
13. Management has informed us that the council carries out due diligence checks on financial information for new contractors and obtains external advice on higher value contracts.
14. Management has informed us that the council has in place arrangements to ensure that all contracts are subject to some level of regular performance appraisal and that
  - As a minimum this is performed on an annual basis, with certain contracts having both monthly and annual performance reviews.
  - The performance appraisals deal with general compliance areas across the contract including service delivery, finances and health and safety.

### National fraud

15. The National Fraud Initiative (NFI) in Scotland brings together data from local government, health boards and other public sector bodies. Matching data obtained from the systems of participating bodies allows the identification of potentially fraudulent claims on the public purse including housing benefit fraud, occupational pension fraud and payroll fraud. If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken

properly, assurances may be taken about internal arrangements for preventing and detecting fraud.

16. Participating bodies were required to submit data in October 2018 and received matches for investigation in January 2019. Match investigation work should be largely completed by 30 September 2019 and the results recorded on the NFI system. The latest position for the council is summarised in [exhibit 2](#). We will monitor the council's progress throughout the year and will provide an update in our 2018/19 annual audit report.

## Exhibit 2

### National Fraud Initiative

#### Total number of matches



22,877

#### Completed/closed investigations



2,582

Source: NFI website

## Openness and

17. In our 2018/19 annual audit plan we identified that the council's Privacy Policy, Information Compliance Policy and Data Protection Access Request Form referred to the now superseded Data Protection Act 1998. The council's Privacy Policy has been updated and renamed the Data Protection Policy. The Information Compliance Policy and Data Protection Accession Request Form have also been updated. We have reviewed these documents and have confirmed that they now refer to the appropriate regulations.

## Grant claim certification

### Education maintenance allowances claim

18. We have arranged to complete the sample testing for the 2018/19 education maintenance allowances claim in June 2019. The results of this testing will help inform our opinion on whether the claim is fairly stated and in accordance with the EMA guidance issued by the Scottish Government. We are required to certify the claim by 31 July 2019.

### Housing benefit subsidy claim

19. Each year, the council makes a claim to the Department for Work and Pensions for subsidy in respect of housing benefit paid out by the council (£84.5 million in 2017/18). As the council's external auditors, we are required to certify that the claim is fairly stated and in accordance with specified terms and conditions.
20. As part of our work in support of our certification of the 2018/19 housing benefit subsidy claim, we will undertake detailed testing on a sample of cases to confirm that benefit has been awarded in accordance with regulations, and that the correct level of subsidy has been claimed. We are required to certify the claim by 30 November 2019.

## Publications

21. All of our outputs and any matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

# South Lanarkshire Council

## Management report 2018/19

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

# Report

8

Report to:	<b>Risk and Audit Scrutiny Committee</b>
Date of Meeting:	<b>19 June 2019</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Financial Resources Scrutiny Forum Activity</b>
----------	--

## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide, for information, a summary of reports considered by the Financial Resources Scrutiny Forum to May 2019.

## 2. Recommendation(s)

2.1. The Risk and Audit Scrutiny Committee is asked to approve the following recommendation(s):-

- (1) that the summary of reports considered by the Financial Resources Scrutiny Forum for the period August 2018 to May 2019, as detailed in Appendix 1 of this report, be noted.

## 3. Background

3.1. In May 2017, the Council agreed details relating to the review of Member Scrutiny Forums. This included consideration of the Terms of Reference and Powers and Responsibilities for the Forums. In respect of the Financial Resources Scrutiny Forum, the focus can be summarised as:-

- scrutinise all of the Council's revenue budgets
- review the financial and operational progress of the Council's capital programmes
- review the financial and operational progress of the Council's trading operations

3.2. This report will cover items submitted to the Financial Resources Scrutiny Forum since the last update to the former Risk and Audit Scrutiny Forum in June 2018.

## 4. Agenda Items

4.1. The table attached at Appendix 1 notes the reports submitted to the Financial Resources Scrutiny Forum during the period August 2018 to May 2019, under the main areas of responsibility.

4.2. Further reports will be provided to this Committee on an annual basis advising of the business presented to the Financial Resources Scrutiny Forum.

## 5. Employee Implications

5.1. There are no employee implications.

## 6. Financial Implications

6.1. There are no financial implications.

## **7. Other Implications**

- 7.1. The main risk associated with the Council's Revenue Budget is that there is an overspend. The risk has been assessed as low given the detailed budget management applied across the Resources. The risk is managed through four weekly Budget Monitoring Meetings at which any variance is analysed. In addition, the probable outturn exercise ensures early warning for corrective action to be taken where appropriate.
- 7.2. The main risk associated with the Council's Capital Programme is that there is an overspend. The risk has been assessed as low given the detailed project management plans prepared and monitored for each project. The risk of an overspend is managed through four weekly Investment Management Meetings.
- 7.3. There are no implications for sustainability in terms of the information contained in this report.

## **8. Equality Impact Assessment and Consultation Arrangements**

- 8.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 8.2. There is also no requirement to undertake any consultation in terms of the information contained in the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

23 May 2019

### **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

### **Previous References**

- ◆ Risk and Audit Scrutiny Forum, 13 June 2018
- ◆ South Lanarkshire Council, 18 May 2017

### **List of Background Papers**

- ◆ None

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Lorraine O'Hagan, Finance Manager (Strategy)

Ext: 2601 (Tel: 01698 452601)

E-mail: [lorraine.o'hagan@southlanarkshire.gov.uk](mailto:lorraine.o'hagan@southlanarkshire.gov.uk)

Date	Revenue Monitoring	Capital Monitoring	Trading Services Monitoring
23 August 2018	<p>Provide an update on:</p> <ul style="list-style-type: none"> <li>2017/2018 Revenue Budget Monitoring Final Outturn and Annual Report and Accounts</li> <li>Revenue Budget Monitoring 2017/2018 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> <li>2017/2018 Recurring Variances and 2018/2019 Outlook</li> </ul> <p>Provide an update on the position as at 22 June 2018 (period 4) for the following:</p> <ul style="list-style-type: none"> <li>2018/2019 Financial Monitoring</li> <li>2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on:</p> <ul style="list-style-type: none"> <li>2017/2018 General Fund Capital Programme</li> <li>2017/2018 Housing Capital Programme</li> </ul> <p>Provide an update on the position as at 22 June 2018 (period 4) for the following:</p> <ul style="list-style-type: none"> <li>Housing Capital Programme – Financial Information and Physical Progress</li> <li>General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> <li>General Services Exception Report (approved at Executive Committee on 27 June 2018).</li> </ul>	<p>Provide an update on the position as at 22 June 2018 (period 4) for the following:</p> <ul style="list-style-type: none"> <li>2018/2019 Financial Monitoring and Performance Review for Trading Operation – Property Services</li> </ul>
4 October 2018	<p>Provide an update on the position as at 17 August 2018 (period 6) for the following:</p> <ul style="list-style-type: none"> <li>2018/2019 Financial Monitoring</li> <li>2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on the position as at 17 August 2018 (period 6) for the following:</p> <ul style="list-style-type: none"> <li>Housing Capital Programme – Financial Information and Physical Progress</li> <li>General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> <li>General Services Exception Report (approved at Executive Committee on 26 September 2018)</li> </ul>	<p>Provide an update on the position as at 17 August 2018 (period 6) for the following:</p> <ul style="list-style-type: none"> <li>2018/19 Financial Monitoring and Performance Review for Trading Operation – Fleet Services</li> </ul>
29 November 2018	<p>Provide an update on the position as at 12 October 2018 (period 8) for the following:</p> <ul style="list-style-type: none"> <li>2018/2019 Financial Monitoring</li> <li>2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on the position as at 12 October 2018 (period 8) for the following:</p> <ul style="list-style-type: none"> <li>Housing Capital Programme – Financial Information and Physical Progress</li> <li>General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> <li>General Services Exception Report (approved at Executive Committee on 21 November 2018)</li> </ul>	<p>Provide an update on the position as at 12 October 2018 (period 8) for the following:</p> <ul style="list-style-type: none"> <li>2018/19 Financial Monitoring and Performance Review for Trading Operation – Roads Services</li> </ul>



Date	Revenue Monitoring	Capital Monitoring	Trading Services Monitoring
24 January 2019	<p>Provide an update on the position as at 9 November 2018 (period 9) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/2019 Financial Monitoring</li> <li>• 2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on the position as at 9 November 2018 (period 9) for the following:</p> <ul style="list-style-type: none"> <li>• Housing Capital Programme – Financial Information and Physical Progress</li> <li>• General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> <li>• General Services Exception Report (approved at Executive Committee on 19 December 2018)</li> </ul>	<p>Provide an update on the position as at 9 November 2018 (period 9) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/19 Financial Monitoring and Performance Review for Trading Operation – Property Services</li> </ul>
21 February 2019	<p>Provide an update on the position as at 4 January 2019 (period 11) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/2019 Financial Monitoring</li> <li>• 2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on the position as at 4 January 2019 (period 11) for the following:</p> <ul style="list-style-type: none"> <li>• Housing Capital Programme – Financial Information and Physical Progress</li> <li>• General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> <li>• General Services Exception Report (approved at Executive Committee on 13 February 2019)</li> </ul>	<p>Provide an update on the position as at 4 January 2019 (period 11) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/19 Financial Monitoring and Performance Review for Trading Operation – Fleet Services</li> </ul>
21 March 2019	<p>Provide an update on the position as at 1 February 2019 (period 12) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/2019 Financial Monitoring</li> <li>• 2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on the position as at 1 February 2019 (period 12) for the following:</p> <ul style="list-style-type: none"> <li>• Housing Capital Programme – Financial Information and Physical Progress</li> <li>• General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> <li>• General Services Exception Report (approved at Executive Committee on 13 March 2019)</li> </ul>	<p>Provide an update on the position as at 1 February 2019 (period 12) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/19 Financial Monitoring and Performance Review for Trading Operation – Roads Services</li> </ul>
9 May 2019	<p>Provide an update on the position as at 1 March 2019 (period 13) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/2019 Financial Monitoring</li> <li>• 2018/2019 Detailed Resource Analysis for the General Services Budget and Housing Revenue Account</li> </ul>	<p>Provide an update on the position as at 1 March 2019 (period 13) for the following:</p> <ul style="list-style-type: none"> <li>• Housing Capital Programme – Financial Information and Physical Progress</li> <li>• General Services Capital Programme – Financial Information and Physical Progress for Build, Non-Build and Roads Projects</li> </ul>	<p>Provide an update on the position as at 1 March 2019 (period 13) for the following:</p> <ul style="list-style-type: none"> <li>• 2018/19 Financial Monitoring and Performance Review for Trading Operation – Property Services</li> </ul> <p>Provide an update on the Review of Trading Services 2019/2020</p>

# Report

9

Report to: **Risk and Audit Scrutiny Committee**  
 Date of Meeting: **19 June 2019**  
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Forward Programme for Future Meetings**

## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ advise members of the forward programme for the meetings of the Risk and Audit Scrutiny Committee to November 2019
- ◆ invite members to suggest topics for inclusion in the Committee's forward programme

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the report and the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to November 2019, attached as an appendix to the report, be noted.

## 3. Background

3.1 As part of a range of improvement measures introduced as a result of Audit Scotland's report on the Audit of Best Value and Community Planning (2009), an Action Plan was prepared. One of the actions was to include, as a standard agenda item, a list of items proposed for consideration at subsequent meetings of this Committee to provide an opportunity for members to inform future agendas. The outline forward programme to November 2019 is attached, for members' information, as an appendix to the report.

## 4. Employee Implications

4.1. There are no employee implications.

## 5. Financial Implications

5.1. There are no financial implications.

## 6. Other Implications

6.1. There are no risk or sustainability issues associated with the content of this report.

## 7. Equality Impact Assessment and Consultation Arrangements

7.1. The report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

7.2 There was no requirement to undertake any consultation in terms of the information contained in this report.

**Paul Manning**  
**Executive Director (Finance and Corporate Resources)**

4 June 2019

**Link(s) to Council Values/Objectives/Ambitions**

Value – Accountable, Effective, Efficient and Transparent

**Previous References**

Executive Committee 8 July 2009

**List of Background Papers**

Audit Scotland Audit of Best Value and Community Planning

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

Pauline MacRae, Administration Officer

Ext: 4108 (Tel: 01698 454108)

E-mail: pauline.macrae@southlanarkshire.gov.uk

## APPENDIX – RASC OUTLINE FORWARD PROGRAMME SEPTEMBER TO NOVEMBER 2019

Meeting Date	Item	Responsibility
18 September 2019	1. External Auditor's Annual Report to South Lanarkshire Council 2018/2019	External Auditor
	2. Audited Annual Accounts 2018/2019	Head of Finance (Strategy)
	3. Internal Audit Activity Report	Audit and Compliance Manager
	4. Annual Fraud Report to 31 March 2019	Audit and Compliance Manager
	5. 2018 National Fraud Initiative Exercise - Update	Audit and Compliance Manager
27 November 2019	1. Internal Audit Activity Report	Audit and Compliance Manager
	2. Efficiency Statement 2018/2019	Head of Finance (Strategy)
	3. 2018/2019 Year End Risk Management Report	Head of Finance (Transactions)
	4. 2018/2019 Year End Insured Risks Report	Head of Finance (Transactions)

N.B:-. Audit Scotland national studies and reviews will appear as a recurring item but the frequency and subject matter will vary according to their programme.

