

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 5, Council Offices, Almada Street, Hamilton on 13 November 2012

Chair:

Councillor Lesley McDonald

Councillors Present:

Isobel Dorman, Anne Kegg, Jim Wardhaugh

Councillors' Apologies:

Ralph Barker, Susan Kerr, Pat Lee, Brian McKenna, Alice Marie Mitchell

Attending:

Finance and Corporate Resources

Y Douglas, Audit Manager; S Dunsmore, Assistant Risk Manager; P MacRae, Administration Officer; G McCann, Head of Legal Services; H McNeil, Head of Audit and Improvement; A Norris, Administration Assistant; J Taylor, Head of Finance

Also Attending:

PricewaterhouseCoopers

M Kerr and C Revie, 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 Forum held on 4 September 2012 were submitted for approval as a correct record.

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

3 Internal Audit Activity as at 12 October 2012

A report dated 12 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 1 August to 12 October 2012.

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

- ◆ 69% of assignments had been delivered within budget against a target of 80%
- ◆ 91% of draft reports had been delivered within 21 days of field work completion against a target of 80%
- ◆ 25% of the 2012/2013 Internal Audit Plan had been completed to a draft stage, although 19 additional jobs, not included in the 2012/2013 Plan, had also been delivered in the period to 12 October 2012
- ◆ 85% of audit recommendations had been delivered on time against a target of 85%
- ◆ 85% of audit assignments had been concluded to a signed action plan within the target of seven weeks against a target of 80%

The findings from assignments completed in the period 1 August to 12 October 2012 were detailed in Appendix 2 to the report.

Work was about to commence on the preparation of the 2013/2014 Internal Audit Plan and Forum members were invited to suggest topics for inclusion in the Plan.

The Forum decided: that the report be noted.

4 Efficiency Statement 2011/2012

A report dated 25 September 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Efficiency Statement for 2011/2012.

The Statement had been prepared in line with updated guidance received from the Convention of Scottish Local Authorities (COSLA). Details were given on the way in which the Efficiency Statement had been structured and the full Statement was attached as an appendix to the report.

The Statement reflected cash and non-cash efficiency savings totalling £27.148 million. In line with COSLA's timetable, the Council had submitted the Statement by the due date of 24 August 2012. COSLA would, in turn, forward the Statement to the Scottish Government for consideration together with Statements from other local authorities.

Officers responded to members' questions on:-

- ◆ non-cash efficiencies
- ◆ the potential impact of efficiency savings on service delivery and customer satisfaction

The Forum decided: that the report be noted.

[Reference: Minutes of 29 September 2011 (Paragraph 4)]

5 Progress of Risk Management Work Plan

A report dated 17 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on progress in delivering the Risk Management Work Plan 2012/2013.

The 2012/2013 Work Plan was attached as an appendix to the report. Delivery of the 22 actions contained in the Plan was assessed using a mechanism similar to IMPROVe, the Council's performance management system.

As at 30 September 2012:-

- ◆ 86% of actions had been completed by their due date
- ◆ 1 action relating to the preparation and issuing of a members' newsletter was nearing completion
- ◆ 2 actions, with completion dates later in the year, had been completed ahead of schedule
- ◆ 3 actions had encountered minor slippage but were nearing completion
- ◆ 6 actions were on course to achieve target completion dates

The Forum decided: that the report be noted.

[Reference: Minutes of 4 September 2012 (Paragraph 7)]

6 2011/2012 Year End Insured Risks Report

A report dated 11 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2012 for the following main classes of insurance:-

- ◆ employer's liability
- ◆ public liability
- ◆ motor insurance
- ◆ property insurance and other miscellaneous risks

Appendix 1 provided annual comparisons of the numbers and values of claims by Resource for the years 2007/2008 to 2011/2012 (excluding 2011/2012 year end figures). This showed a reduction in the numbers and values of claims of 8% and 7% respectively between the years 2007/2008 to 2010/2011.

Appendix 2 compared claim numbers and costs for 2011/2012 with the equivalent position for 2010/2011. This showed a reduction of 27 claims compared with the numbers reported in 2010/2011, representing the lowest number of claims intimated in the last 5 years.

The total cost of claims had increased from £1.90 million in 2010/2011 to £3.53 million in 2011/2012. The increase was largely due to 4 claims with a combined value of £1.4 million for storm damage to properties.

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

Officers responded to members' questions on:-

- ◆ the potential to mitigate risks relating to slips, trips and falls
- ◆ insurance provision for schools where a PPP arrangement was in place and for Leisure and Culture Trust facilities
- ◆ vehicle incidents

The Forum decided: that the report be noted.

7 Audit Scotland Report - Using Cost Information to Improve Performance: Are You Getting It Right?

A report dated 10 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland report "Using Cost Information to Improve Performance: Are You Getting it Right?"

The key messages contained within the Audit Scotland report were that:-

- ◆ councillors required good cost information to allow them to make well informed policy decisions and scrutinise performance effectively
- ◆ cost information required to be presented in an open and accessible way with policy options and performance information provided to help councillors carry out their role
- ◆ officers required good quality cost information to help them manage services efficiently, assess performance and demonstrate value for money
- ◆ a council's approach to using cost information should be driven by its priorities and objectives, with a focus on outcomes for service users and communities
- ◆ tightening public sector budgets and increasing service demands required more effective use of cost information
- ◆ effective use of cost information could lead to improved corporate and partnership working

- ◆ councils could do more to share good practice and learning and could make more effective use of existing cost measures and guidance available

Key points contained in the Audit Scotland report, together with relevant case studies, were considered from the Council's perspective. Where appropriate, action points were identified.

The Audit Scotland report detailed the key characteristics of a cost aware council which included:-

- ◆ having knowledge of the cost of delivering core services and using information to inform decisions on service delivery
- ◆ ensuring budgeting arrangements considered the cost of different policy options and did not rely on incremental budgeting
- ◆ identifying examples of existing good practice in the council and sharing information across departments
- ◆ benchmarking performance and costs with other councils
- ◆ providing councillors with appropriate training on how to understand and use cost information effectively
- ◆ involving communities in discussions about cost and service delivery

An action plan, which had been prepared in response to the Audit Scotland report, was attached as an appendix to the Executive Director's report.

The Forum decided:

- (1) that the report be noted; and
- (2) that the proposals contained in the action plan be endorsed.

8 Outcome of Insurance Hotspots Review

A report dated 15 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the outcome of a review of insurance hotspots.

A review on hotspot mitigation had been carried out by Gallagher Bassett, the Council's claims handling agent, covering claims data for the period 1 April 2007 to 31 March 2009. The findings of this review had been considered by the Forum at its meeting on 3 November 2011 and a number of areas of work had been progressed to manage insurance hotspots.

Gallagher Bassett had been asked to undertake a further, up to date review of claims intimated to the Council during the period 1 April 2010 to 31 March 2012. The results of that review indicated that the hotspots were broadly similar to those identified during the previous review, although the incident locations and specific circumstances varied significantly. An area of emerging risk for the Council was the theft of metals, particularly lead, from roofs.

Details were given on:-

- ◆ claim causes identified as hotspots for each class of insurance across Resources
- ◆ strategic level actions to be implemented to mitigate against hotspots

Risk Working Groups would monitor progress with actions for each Resource and the Risk Sponsors Group would provide an overview at a strategic level.

The Forum decided: that the report be noted.

[Reference: Minutes of 3 November 2011 (Paragraph 6)]

9 Compliance with CIPFA Code of Practice and Best Practice Guidance for Audit Committees

A report dated 4 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ Internal Audit's level of compliance with the Chartered Institute of Public Finance and Accounting (CIPFA) Internal Audit Code of Practice for Local Authorities
- ◆ progress on the alignment of the Forum's activities to CIPFA best practice guidance

The Internal Audit Section had undertaken its annual self-assessment exercise in March 2012 to provide assurance that audit work carried out in the year 2011/2012 complied with the Code of Practice. The review assessed the Council's Internal Audit Service as being 88% compliant. A new Code of Practice would become effective from April 2013. It was anticipated that, as part of the provisions of the new Code, the level of compliance would be subject to external review on a 5 yearly basis with the existing self-assessment approach being applied in the intervening period.

A report on compliance with CIPFA best practice guidance for audit committees had been considered by the Forum at its meeting on 16 December 2009. A recent exercise had been undertaken to reassess progress against best practice as part of the Council's general review of its decision making arrangements.

An action plan to address gaps in compliance with the Internal Audit Code of Practice and against CIPFA's audit committee principles was detailed in the appendix to the report.

The Forum decided: that the report be noted.

[Reference: Minutes of 16 December 2009 (Paragraph 9)]

10 Good Governance Action Plan 2012/2013

A report dated 31 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Good Governance Action Plan for 2012/2013.

The 2012/2013 Good Governance Action Plan highlighted improvement areas which had been identified through the annual governance assessment. The Action Plan had been developed in parallel with and informed the Governance Statement which was included in the Annual Accounts.

The 2012/2013 Action Plan contained 18 new improvement actions and 5 actions which had been carried forward from the previous year. Actions contained in the Plan had been assigned lead officers as well as timescales for progress during 2012/2013. The Good Governance Action Plan was attached as an appendix to the report.

The Forum decided: that the report be noted.

[Reference: Minutes of 29 September 2011 (Paragraph 8)]

11 Audit of Financial Statements 2011/2012

A report dated September 2011 by PricewaterhouseCoopers, the Council's external auditor, was submitted providing an overview of the audit of the 2011/2012 financial statements.

Details were given on the following areas:-

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|--|---|
| ♦ audit opinion | ♦ financial outlook for 2012/2013 and beyond |
| ♦ significant audit and accounting matters | ♦ internal control and governance reporting |
| ♦ financial outturn 2011/2012 | ♦ ISA 260 communications to those charged with governance |

The external auditor's opinion on the Council's financial statements for the year ended 31 March 2012 was unqualified.

The Forum decided: that the report be noted

[Reference: Minutes of 29 September 2011 (Paragraph 5)]

12 Forward Programme for Future Meetings

A report dated 29 October 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Forum to June 2013.

The Forum decided:

- (1) that the outline forward programme for the Risk and Audit Scrutiny Forum, attached as an appendix to the report, be noted; and
- (2) that the opportunity for members to suggest topics for inclusion in the Forum's forward programme be noted.

13 Urgent Business

There were no items of urgent business.
