

## RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 31 May 2016

**Chair:**

Councillor Gladys Miller

**Councillors Present:**

Ralph Barker, Walter Brogan, John Cairney, Peter Craig, Isobel Dorman, Stuart Gallacher (*substitute for Councillor McDonald*), Susan Kerr, Pat Lee, Brian McKenna

**Councillor's Apology:**

Lesley McDonald

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

P Manning, Executive Director; Y Douglas, Audit Manager; P Field, Procurement Manager; T Little, Head of Communications and Strategy; P MacRae, Administration Officer; G McCann, Head of Administration and Legal Services

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

G Collin and M Pitt, External Auditors

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**1 Declaration of Interests**

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No interests were declared.

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**2 Minutes of Previous Meeting**

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The minutes of the meeting of the Risk and Audit Scrutiny Forum held on 15 March 2016 were submitted for approval as a correct record.

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

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**3 Internal Audit Activity as at 10 May 2016**

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A report dated 11 May 2016 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 24 February to 10 May 2016.

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

- ◆ 80% of assignments had been delivered within budget against a target of 80%
- ◆ 96% of the Internal Audit Plan had been completed to draft by 30 April 2016 against a target of 100%
- ◆ 91% of Internal Audit recommendations had been delivered on time against a target of 80%
- ◆ 84% of audit assignments had been concluded to a signed action plan within the target of 7 weeks against a target of 80%
- ◆ 95% of draft reports had been delivered within 21 days of fieldwork completion against a target of 80%

The findings from assignments completed in the period 24 February to 10 May 2016 were detailed in Appendix 2 to the report. Significant assignments completed in the period were detailed in Appendices 3 to 5 to the report.

Public Sector Internal Audit Standards (PSIAS) required the development of a Quality Assurance and Improvement Programme (QAIP) to provide assurance that internal audit activity:-

- ◆ was conducted in accordance with an Internal Audit Charter
- ◆ operated in an efficient and effective manner
- ◆ was perceived to be adding value and improving operations

A programme of external inspections had been prepared by the Chief Internal Auditor's Group (SLACIAG) and the Council's assessment had been programmed for Quarter 2 of 2016/2017. The inspection would be undertaken by Stirling Council's Chief Internal Auditor. As part of the process, a questionnaire would be issued to a sample of key stakeholders within the Council which would include the Chair of the Forum.

**The Forum decided:**

- (1) that the report be noted; and
- (2) that arrangements for the planned external assessment of the internal audit function be noted.

*[Reference: Minutes of 3 March 2015 (Paragraph 4)]*

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#### **4 Annual Governance Statement for 2015/2016 and Quarter 4 - End of Year Report**

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A report dated 17 May 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Governance Statement for 2015/2016 and the Good Governance Action Plan Quarter 4 end of year report.

Each year, the Council undertook a review of the governance arrangements required to support its financial and operational controls. This review provided the basis for the Annual Governance Statement which was included in the Council's Annual Report and Statement of Accounts.

The annual review for 2015/2016 had been undertaken using an assessment framework which included 19 areas of review, as detailed in Appendix 1 to the report. The resulting Annual Governance Statement for 2015/2016, attached as Appendix 2 to the report, provided information on the Council's compliance during 2015/2016. The opinion of Internal Audit was that a good level of assurance could be placed on the Council's financial control environment and an adequate level of assurance on the Council's operational environment.

Details of progress on improvement actions in 2015/2016 were provided in the Quarter 4 Good Governance Action Plan end of year update, included in Appendix 2 to the report.

The Governance Statement for 2015/2016 would be considered by the Executive Committee at its meeting to be held on 8 June 2016.

**The Forum decided:**

- (1) that the report be noted; and

- (2) that it be noted that the Annual Governance Statement would be included in the Council's Annual Report and Statement of Accounts for 2015/2016.

*[Reference: Minutes of 8 May 2015 (Paragraph 5)]*

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## **5 Audit Scotland Overview of Local Government 2016**

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A report dated 17 May 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland Report entitled 'An Overview of Local Government in Scotland' which had been published in March 2016.

The report had been structured around the following 2 headings:-

- ♦ managing financial performance
- ♦ delivering services

A number of key messages arising from the report were detailed. The 2016 report included recommendations for Councillors which Audit Scotland had intimated should be implemented with the assistance of officers.

Details of the recommendations were provided together with an assessment of the position in South Lanarkshire Council.

The report would be submitted to the Performance and Review Scrutiny Forum and the South Lanarkshire Partnership Board to be held on 28 and 29 June 2016 respectively.

Officers responded to members' questions on training for Councillors.

### **The Forum decided:**

- (1) that the key points and recommendations contained in the Audit Scotland report entitled 'An Overview of Local Government in Scotland 2016' be noted;
- (2) that it be noted that the report would be submitted to the meeting of the Performance and Review Scrutiny Forum to be held on 28 June 2016; and
- (3) that it be noted that a report would be submitted to the meeting of the South Lanarkshire Partnership Board, to be held on 29 June 2016, on those aspects of the Audit Scotland report which were relevant to the Partnership Board.

*[Reference: Minutes of the Executive Committee of 11 May 2016 (Paragraph 18)]*

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## **6 Audit Scotland: Procurement in Councils - Impact Report**

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A report dated 6 May 2016 by the Executive Director (Finance and Corporate Resources) was submitted on Audit Scotland's Impact Report on Procurement in Councils.

Audit Scotland's report entitled 'Procurement in Councils' was published in 2014 and assessed councils' procurement in terms of implementation, impact and progress being made in areas such as capacity, savings, structures, technology systems and professionalism of staff.

The Impact Report, published in 2016, examined the progress made since the publication of the 2014 report and commented on the following 4 key areas:-

- ◆ better understanding of financial sustainability
- ◆ better value for money
- ◆ improved governance and financial management
- ◆ transparent reporting of financial and other performance

Progress in implementing the 20 recommendations proposed in the 2014 report was detailed in Appendix 1 to the Executive Director's report. Of the 17 actions for which the Council was fully or partly responsible, 14 had been implemented and actions had been planned for the remaining 3.

Officers responded to members' questions on various aspects of the report.

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

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## **7 Interim Management Letter for Year Ended 31 March 2016**

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An interim management letter dated May 2016 from PricewaterhouseCoopers, the Council's external auditor, was submitted detailing the outcome of PricewaterhouseCoopers' interim audit visit to the Council which had commenced in February 2016.

Officers responded to a member's question on benefit fraud.

**The Forum decided:** that the external auditor's interim management letter for 2015/2016 be noted.

*[Reference: Minutes of 19 May 2015 (Paragraph 7)]*

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

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A report dated 5 May 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meeting of the Risk and Audit Scrutiny Forum to 31 January 2017.

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

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

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## **9 Urgent Business**

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There were no items of urgent business.