

# RISK AND AUDIT SCRUTINY FORUM

Minutes of special meeting held in Committee Room 1, Council Offices, Almada Street, Hamilton on 7 March 2017

**Chair:**

Councillor Gladys Miller

**Councillors Present:**

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

**Councillors' Apologies:**

Susan Kerr, Lesley McDonald

**Attending:**

**Finance and Corporate Resources**

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

**Also Attending:**

**Audit Scotland**

F Mitchell-Knight and R Smith, External Auditors

---

## 1 Declaration of Interests

No interests were declared.

---

## 2 Internal Audit Plan 2017/2018

A report dated 22 February 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the Internal Audit Plan 2017/2018.

During the period from April to December 2016, significant ad hoc and unplanned audit work had resulted in the requirement to reprioritise audit work. This had been undertaken to ensure that a programme of work would be delivered by 30 April 2017 that would:-

- ◆ allow an annual audit opinion to be expressed on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements
- ◆ include areas of work on which the Council's External Auditors had indicated their intention to place reliance or where an internal audit service was delivered to an external client

Appendix 1 to the report detailed a programme of assignments proposed for deferral from the 2016/2017 Internal Audit Plan to Quarter 1 of the 2017/2018 Plan. This equated to 335 days over 12 assignments. Those assignments would be delivered to draft report stage by 30 June 2017 and, in line with established procedures, reported to the Forum when they had been issued as final reports. It was proposed that a Plan for the remainder of 2017/2018, together with a Strategic Audit Plan to 31 March 2020, be presented to the first meeting of the Forum following the local government elections.

**The Forum decided:**

- (1) that the amendment to the 2016/2017 Audit Plan and the deferral of assignments to Quarter 1 of the 2017/2018 Audit Plan, as detailed in the report, be endorsed; and

- (2) that it be noted that a further Plan, covering Quarters 2 to 4 of 2017/2018, together with a Strategic Audit Plan to 31 March 2020, would be submitted, for endorsement, to the first meeting of the Forum following the local government elections.

*[Reference: Minutes of 31 January 2017 (Paragraph 9)]*

---

### **3 Fraud Statistics Six Monthly Update**

---

A report dated 22 February 2017 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ fraud statistics for the 6 month period to September 2016
- ◆ progress achieved in relation to the Corporate Fraud programme

Details were given on the number, types, outcomes and costs of fraud investigations, together with performance measures for the 6 month period to September 2016. A comparison with the statistics for the same period in 2015 was also provided. The fraud statistics for the 6 month period to September 2016, included as Appendix 1 to the report, highlighted that:-

- ◆ 115 investigations, with a total value of £0.591 million, had either been reported in the period or carried forward from 2015/2016, representing an increase in both number and value from the same period in 2015
- ◆ of the 115 cases, 39, valued at £0.353 million, had been closed within the period, representing an increase when compared to the closed investigations for the same period in 2015
- ◆ 51% of cases investigated were founded
- ◆ the majority of the number of founded cases, (85%), related to benefit fraud or fraud committed by a third party

A total of 100 days had been allocated within the 2016/2017 Audit Plan for corporate fraud work and a further 447 days had been allocated within the Plan for a routine audit review of fraud risk areas.

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

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

*[Reference: Minutes of 19 January 2016 (Paragraph 6)]*

---

### **4 Annual Audit Plan 2016/2017**

---

The Forum considered the South Lanarkshire Council Audit Plan for 2016/2017 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. 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 External Auditors responded to a member's question on the Council's charitable trusts.

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

---

## **5 Urgent Business**

---

There were no items of urgent business.

---

## **Closing Remarks**

---

The Chair thanked the members and officers involved in the Forum for their assistance to her during her time as Forum Chair.

Councillor B McKenna, on behalf of members, thanked the Chair, her predecessor during the current Council term and officers for their contribution to the work of the Forum.