

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 19 February 2020

Chair:

Councillor Graeme Campbell

Councillors Present:

Councillor Walter Brogan, Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Julia Marrs, Councillor Davie McLachlan, Councillor Carol Nugent, Councillor Jim Wardhaugh, Councillor Jared Wark

Councillor Also Present:

Councillor John Ross (for item 3)

Councillor's Apology:

Councillor Martin Lennon

Attending:

Chief Executive's Service

C Sneddon, Chief Executive (for item 3)

Finance and Corporate Resources

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; T Little, Head of Corporate Communications and Strategy; P MacRae, Administration Officer

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 27 November 2019 were submitted for approval as a correct record.

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

3 Good Governance Update

A report dated 29 January 2020 by the Executive Director (Finance and Corporate Resources) was submitted providing an update on the Council's governance arrangements.

As part of the annual review of the Council's governance arrangements, compliance with the Local Code of Corporate Governance had been assessed. Appendix 1 to the report provided details of the Council's compliance with the Code. An annual review of the Code had also been undertaken and the amendments to the Code following the review were detailed in the report. The revised Code was attached as Appendix 2 to the report. Progress on significant governance areas, which had an impact on the Council's governance arrangements, as at

Quarter 2, were highlighted in the Annual Governance Statement 2018/2019, attached as Appendix 3 to the report.

Officers responded to members' questions on:-

- ◆ online information in relation to the Petitions Committee
- ◆ potential for a review of General Data Protection Regulation issues affecting elected members, particularly in relation to the content of the mandate form
- ◆ alternative methods, such as webinars, of providing training or disseminating information to elected members

The Committee decided:

- (1) that the findings from the annual compliance check against the Local Code of Corporate Governance be noted;
- (2) that the updated Local Code of Corporate Governance be approved; and
- (3) that progress against the significant governance areas identified within the Annual Governance Statement 2018/2019 be noted.

[Reference: Minutes of 19 June 2019 (Paragraph 4)]

4 Internal Audit Activity as at 24 January 2020

A report dated 28 January 2020 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 1 November 2019 to 24 January 2020.

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

- ◆ 77% of assignments had been delivered within budget against a target of 80%
- ◆ 100% of draft reports had been delivered on time against a target of 80%
- ◆ 98% of the 2019/2020 Internal Audit Plan had commenced
- ◆ 100% 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%

The findings from assignments completed in the period 1 November 2019 to 24 January 2020 were detailed in Appendix 2 to the report.

The Committee decided: that the report be noted.

[Reference: Minutes of 27 November 2019 (Paragraph 3)]

5 Corporate Governance – Review of the Adequacy of Internal Audit

A letter dated 9 December 2019 by Audit Scotland, the Council's External Auditor, was submitted on the External Auditor's assessment of the adequacy of the Council's Internal Audit function for 2019/2020.

The objectives of the assessment were to:-

- ◆ establish the effectiveness of Internal Audit arrangements as part of the Council's wider governance arrangements
- ◆ identify areas of Internal Audit work on which Audit Scotland could place formal reliance

Details were given on the areas of Internal Audit's work on which Audit Scotland planned to place formal reliance as follows:-

- ◆ procurement
- ◆ BACs reconciliation
- ◆ national fraud initiative

Audit Scotland had concluded that the Council's Internal Audit Service operated in accordance with Public Sector Internal Audit Standards (PSIAS) and had sound documentation standards and reporting procedures in place. However, one finding in relation to the inclusion of Internal Audit within the remit of the Executive Director (Finance and Corporate Resources) and its associated risks had been recorded. Assurances had been given in relation to the issue and Audit Scotland would continue to monitor the position.

The Committee decided: that the information be noted.

[Reference: Minutes of 6 February 2019 (Paragraph 7)]

6 Annual Audit Plan 2019/2020

The Committee considered the South Lanarkshire Council Audit Plan for 2019/2020 submitted by Audit Scotland, the Council's External Auditor.

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

The Plan was structured around the following areas:-

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

Details were given on key aspects of those areas.

The Committee decided: that the report be noted.

[Reference: Minutes of 24 April 2019 (Paragraph 7)]

7 Fraud Statistics Six Monthly Update

A report dated 28 January 2020 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the 6 month period to September 2019.

Details were given on the number, types, outcomes and costs of fraud investigations, together with performance measures for the 6 month period to September 2019. A comparison with the statistics for the same period in 2018 was also provided. The fraud statistics for the 6 month period to September 2019, highlighted that:-

- ◆ 157 investigations, with a total value of £160,000, had either been reported in the period or carried forward from 2018/2019, representing a decrease in number and value from the same period in 2018
- ◆ of the 157 cases, 32, valued at £36,000, had been closed within the period, representing a decrease when compared to the closed investigations for the same period in 2018
- ◆ 72% of cases investigated were founded
- ◆ 100% of the founded cases related to benefit fraud or fraud committed by a third party

Follow up of all high priority actions resulting from fraud investigations would be included in future Audit Plans. At the suggestion of a member of the Committee, details of fraud recoveries as a percentage figure would be provided in future reports.

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

The Committee decided: that the report be noted.

[Reference: Minutes of 24 April 2019 (Paragraph 6)]

8 Performance and Review Scrutiny Forum Annual Update

A report dated 23 December 2019 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Performance and Review Scrutiny Forum in the period from January to December 2019.

A report on the business considered by the Performance and Review Scrutiny Forum would continue to be submitted to the Risk and Audit Scrutiny Committee on an annual basis.

The Committee decided: that the report be noted.

[Reference: Minutes of 6 February 2019 (Paragraph 8)]

9 Forward Programme for Future Meetings

A report dated 16 January 2020 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 December 2020.

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 meetings of the Risk and Audit Scrutiny Committee to December 2020 be noted.

10 Urgent Business

There were no items of urgent business.