

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 5 February 2013

Chair:

Councillor Lesley McDonald

Councillors Present:

Anne Kegg, Brian McKenna, Alice Marie Mitchell, Jim Wardhaugh

Councillors' Apologies:

Ralph Barker, Isobel Dorman, Susan Kerr, Pat Lee

Attending:

Finance and Corporate Resources

Y Douglas, Audit Manager; S Dunsmore, Assistant Risk Manager; P MacRae, Administration Officer; H McNeil, Head of Audit and Improvement; A Norris, Administration Assistant

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 13 November 2012 were submitted for approval as a correct record.

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

3 Internal Audit Activity as at 16 January 2013

A report dated 29 January 2013 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 13 October 2012 to 16 January 2013.

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

- ◆ 71% of assignments had been delivered within budget against a target of 80%
- ◆ 90% of draft reports had been delivered within 21 days of field work completion against a target of 80%
- ◆ 55.6% of the 2012/2013 Internal Audit Plan had been completed to a draft stage, although 32 additional assignments, not included in the 2012/2013 Plan, had also been delivered in the period to 16 January 2013
- ◆ 87% of audit recommendations had been delivered on time against a target of 85%
- ◆ 82% of audit assignments had been concluded to a signed action plan within the target of 7 weeks against a target of 80%

The findings from assignments completed in the period 13 October 2012 to 16 January 2013 were detailed in Appendix 2 to the report.

Work on an assignment to review the interface between i-procurement and the roads costing system, included in the 2012/2013 Audit Plan, could not now be undertaken as the interface was not yet operational. This work would be deferred to a later year, resulting in the release of 30 planned audit days. It was proposed to amend the 2012/2013 Plan by reallocating those days to:-

- ◆ follow up work on the review of the roads costing system (10 days)
- ◆ review of procedures within depot (20 days)

Officers responded to members' questions on the following assignments:-

- ◆ theft of vehicles
- ◆ benefits overpayment recovery

The Forum decided:

- (1) that the report be noted; and
- (2) that the amendments to the 2012/2013 Audit Plan be endorsed.

4 Insurance Claims - 1 April to 30 September 2012

A report dated 9 January 2013 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims from 1 April to 30 September 2012 for the following 3 main classes of insurance:-

- ◆ combined liability
- ◆ motor insurance
- ◆ property insurance

The overall number of claims received for the 3 main classes of insurance in the period between 1 April and 30 September 2012 was 585, which represented a reduction of 62 on the previous year. The estimated value of those claims was £894,500, a reduction of £176,593 on the value of claims intimated for the same period in 2011.

Officers responded to members' questions on:-

- ◆ review and inspection processes in relation to localised flooding
- ◆ incidents involving Pool Car Scheme vehicles

Incident statistics in relation to the Pool Car Scheme would be circulated to Forum members.

Details were also given on measures in place to meet:-

- ◆ potential costs levied by Municipal Mutual Insurance Limited following its recent announcement that it intended to implement its Scheme of Arrangement as it was now technically insolvent
- ◆ the cost of any asbestos related disease claims for employees of predecessor authorities where no insurance cover was in place

The Forum decided: that the report be noted.

[Reference: Minutes of 13 November 2012 (Paragraph 6)]

5 Fraud Statistics Update - April to September 2012

A report dated 9 January 2013 by the Executive Director (Finance and Corporate Resources) was submitted on fraud statistics for the 6 month period 1 April to 30 September 2012 and comparing those figures with the same 6 month period in 2011.

Details were given on the number, types and outcomes of fraud investigations together with a comparison to the statistics for the same period in 2011. The fraud statistics for the 6 month period to 30 September 2012 highlighted that:-

- ◆ fraud amounting to approximately £102,000 had been reported to Internal Audit, representing a 58% reduction from 2011/2012 figures and a 78% reduction from 2010/2011 figures
- ◆ 62% of the number of founded concerns reported related to benefit fraud
- ◆ 100% of investigations had been completed within the 8 week target, representing an increase of 44% from the same period in the previous year
- ◆ of the concluded investigations in the period, 96% of the value of the fraud was founded
- ◆ the value of current year recoveries was down from the same period last year

Officers responded to a member's question on sanctions imposed by Benefits Services in cases where fraud had taken place.

The Forum decided: that the report be noted.

[Reference: Minutes of 4 September 2012 (Paragraph 6)]

6 Shared Risk Assessment Submission 2012/2013

A report dated 21 December 2012 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Shared Risk Assessment (SRA) process and submission for 2012/2013.

A number of issues which had arisen from last year's SRA were detailed in the report together with an update on progress made on addressing those issues through specific action taken in a number of key areas.

At the conclusion of the 2012/2013 SRA process, the Council had been invited to provide feedback on the process to help inform future arrangements and details of the Council's feedback in this regard were provided.

The SRA process was managed by a Local Area Network (LAN) comprising all the key local government scrutiny agencies. A new LAN lead officer had been appointed for 2012/2013 and initial discussions had taken place on a number of key areas of significance.

The probable areas where attention would be focused, based on previous years' experience, were detailed.

Feedback from the LAN would be advised to the Council early in 2013 and would be used to provide the basis for the preparation of the 2013/2014 Assurance and Improvement Plan.

The Forum decided: that the report be noted.

[Reference: Minutes of Executive Committee of 19 December 2012 (Paragraph 8)]

7 Performance and Review Scrutiny Forum Annual Update

A report dated 20 December 2012 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 2012.

The Forum decided: that the report be noted.

8 External Audit Plan 2012/2013

The Forum considered the South Lanarkshire Council Audit Plan for 2012/2013, submitted by the Council's external auditor, PricewaterhouseCoopers.

Details were given on the following key areas:-

- ◆ overview of PricewaterhouseCoopers' audit approach
- ◆ governance and financial statements
- ◆ risk of fraud
- ◆ reporting and timetable
- ◆ areas of particular audit risk

The external auditor responded to a member's question on a potential additional audit fee for work which might be required as a result of Police and Fire Reform.

The Forum decided: that the report be noted.

9 Annual Report 2011/2012

The Forum considered the South Lanarkshire Council Annual Report to Members and the Controller of Audit for 2011/2012, submitted by the Council's external auditor, PricewaterhouseCoopers.

The external auditor's report had been circulated to all elected members and had been considered by the Executive Committee at its meeting on 21 November 2012. It included:-

- ◆ an executive summary
- ◆ financial statements and audit opinion
- ◆ financial performance 2011/2012
- ◆ financial outlook
- ◆ governance and control

The external auditor's recommendations and the relevant management responses were detailed in the action plan attached as Appendix 1 to the external auditor's report.

The overall opinion of the external auditor was that the Council's accounts for 2011/2012 were unqualified.

The Forum decided: that the report be noted.

[Reference: Minutes of Executive Committee of 21 November 2012 (Paragraph 9)]

10 Forward Programme for Future Meetings

A report dated 23 January 2013 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for 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.

11 Urgent Business

There were no items of urgent business.