

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 30 August 2016

Chair:

Councillor Gladys Miller

Councillors Present:

John Cairney, Peter Craig, Isobel Dorman, Stuart Gallacher (*substitute for Councillor McDonald*), Pat Lee

Councillors' Apologies:

Ralph Barker, Walter Brogan, Susan Kerr, Lesley McDonald, Brian McKenna

Attending:

Finance and Corporate Resources

P Manning, Executive Director; Y Douglas, Audit Manager; S Dunsmore, Finance Manager; T Little, Head of Communications and Strategy; P MacRae, Administration Officer; D Mathers, Finance Adviser (Risk Management)

Also Attending:

PricewaterhouseCoopers

G Collin and M Pitt, 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 31 May 2016 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 5 August 2016

A report dated 10 August 2016 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 11 May to 5 August 2016.

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

- ◆ 68% of assignments had been delivered within budget against a target of 80%
- ◆ 98% of draft reports had been delivered on time against a target of 80%
- ◆ 39% of the 2016/2017 Internal Audit Plan had been started
- ◆ 67% 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%
- ◆ 100% of Internal Audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 11 May to 5 August 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.

Officers responded to members' questions on:-

- ◆ the Council's draft Anti Money Laundering Policy
- ◆ discretionary housing payments

The Forum decided: that the report be noted.

[Reference: Minutes of 31 May 2016 (Paragraph 3)]

4 Internal Audit Annual Assurance Report 2015/2016

A report dated 10 August 2016 by the Audit and Compliance Manager (Finance and Corporate Resources) was submitted providing:-

- ◆ a summary of progress and performance of Internal Audit for the financial year 2015/2016
- ◆ an opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control systems based on audit work undertaken in 2015/2016.

Details were given on:-

- ◆ Internal Audit performance
- ◆ Council-wide performance in relation to the delivery of audit actions
- ◆ workload analysis
- ◆ links to the Council's objectives and top risks
- ◆ management of fraud risks
- ◆ financial controls and findings
- ◆ operational controls and findings

The overall opinion expressed was that there was a good level of assurance over the financial controls in operation across the Council and an adequate level of assurance over the Council's internal operational control system for the financial year 2015/2016. The Internal Audit findings would inform the Council's 2015/2016 Governance Statement.

A summary of the report would be submitted to the meeting of the Executive Committee to be held on 5 October 2016.

The Forum decided:

- (1) that the positive Internal Audit performance during 2015/2016 be noted;
- (2) that the level of assurance on the Council's control environment be noted; and
- (3) that it be noted that the overall findings from Internal Audit work would inform the Council's 2015/2016 Annual Governance Statement.

[Reference: Minutes of 22 September 2015 (Paragraph 7)]

5 Risk Management Strategy

A report dated 3 August 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the review of the Council's Risk Management Strategy and associated documents.

The Council's Risk Management Strategy was last subject to a full review in 2012. To comply with best practice, one of the actions included in the Council's Risk Management Work Plan for 2015 to 2017 was to review the Council's Risk Management Strategy to ensure that it was up to date and fit for purpose. The review had been undertaken by the Council's Risk Management team, with input from the Risk Control Consultant of Gallagher Bassett, the Council's claims handler, and the Council's Risk Sponsors.

As a result of the review, the following changes had been made to the Strategy:-

- ◆ 3 previously separate documents, the Risk Management Strategy, Methodology and Policy Statement, had been incorporated into a single document
- ◆ the aims and objectives of the Strategy had been refined
- ◆ measures of success had been added
- ◆ clear guidance had been added on when risk management was particularly important
- ◆ the risk management structure and reporting schedule had been updated
- ◆ the general presentation and layout of the document had been improved

The updated Risk Management Strategy was attached as an appendix to the report.

The Forum decided: that the report be noted.

6 Shared Risk Assessment - Local Scrutiny Plan 2016/2017

A report dated 6 July 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Local Scrutiny Plan (LSP) for 2016/2017 which had been developed as an outcome of the annual Shared Risk Assessment process carried out by Audit Scotland and other inspection agencies through the Local Area Network.

Key findings from South Lanarkshire's LSP were detailed in the report.

Executive Directors had been made aware of the key findings in the report and would ensure that adequate progress was made, both to maintain the existing risk assessment status and to mitigate, where possible, against future risks or issues in advance of next year's Local Scrutiny Plan

The LSP confirmed that no risk based scrutiny was planned in South Lanarkshire during 2016/2017. The Council would, however, be subject to some scrutiny activity as part of wider, national inspection programmes across Scotland. Details of those programmes were given in the report.

The report had been submitted, for interest, to the meetings of the Performance and Review Scrutiny Forum and the South Lanarkshire Partnership Board held on 28 and 30 June 2016 respectively.

The Forum decided: that the report be noted.

[Reference: Minutes of the Performance and Review Scrutiny Forum of 28 June 2016 (Paragraph 4)]

7 Forward Programme for Future Meetings

A report dated 8 August 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.

8 Urgent Business

There were no items of urgent business.