

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 8 November 2016

Chair:

Councillor Gladys Miller

Councillors Present:

Ralph Barker, Walter Brogan, John Cairney, Peter Craig, Isobel Dorman, Lesley McDonald, Brian McKenna

Councillors' Apologies:

Susan Kerr, Pat Lee

Attending:

Finance and Corporate Resources

P Manning; Executive Director; Y Douglas, Audit Manager; S Dunsmore, Insurance and Risk Manager; P MacRae, Administration Officer; D Mathers, Finance Adviser (Risk Management); G McCann, Head of Administration and Legal Services; C McGhee, Audit Adviser; J Taylor, Head of Finance (Strategy)

Community and Enterprise Resources

G Mackay, Head of Roads and Transportation Services

Also Attending:

Audit Scotland

F Mitchell-Knight, D Richardson and R Smith, External Auditors

Chair's Remarks

The Chair welcomed Fiona Mitchell-Knight, Dave Richardson and Richard Smith from Audit Scotland, the Council's recently appointed 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 30 August 2016 were submitted for approval as a correct record.

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

3 Minutes of Special Meeting

The minutes of the special meeting of the Risk and Audit Scrutiny Forum held on 20 September 2016 were submitted for approval as a correct record.

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

4 Internal Audit Activity as at 21 October 2016

A report dated 21 October 2016 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 6 September to 21 October 2016.

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

- ◆ 69% 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%
- ◆ 69% of the 2016/2017 Internal Audit Plan had been started
- ◆ 65% 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%
- ◆ 92% of Internal Audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 6 September to 21 October 2016 were detailed in Appendix 2 to the report.

The Forum decided: that the report be noted.

[Reference: Minutes of 20 September 2016 (Paragraph 2)]

5 Good Governance Action Plan 2016/2017: Q1 Progress Report

A report dated 19 October 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Good Governance Action Plan for 2016/2017.

The 2016/2017 Good Governance Action Plan highlighted improvement areas which had been identified through the annual governance assessment. The Action Plan had been developed in parallel with, and informed, the Governance Statement which was included in the Annual Accounts. The Quarter 1 Update of the Good Governance Action Plan 2016/2017, attached as an appendix to the report, was based on the IMPROVe performance management reporting system and provided details of the governance control measures and actions undertaken by Resources. The monitoring system was traffic light based, with red, amber, green and 'to be reported later' categories. Of the 56 control measures identified, 49 had been categorised as green and 7 would be reported later.

A further progress report would be submitted to the Forum at its meeting to be held on 31 January 2017.

Officers responded to a member's question on Glasgow and Clyde Valley City Deal projects.

The Forum decided: that the report be noted.

[Reference: Minutes of 27 October 2015 (Paragraph 4)]

6 Risk Management Year End Report 2015/2016

A report dated 12 October 2016 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ progress in delivering the 2015 to 2017 Risk Management Work Plan
- ◆ progress in delivering actions to control the Council's top risks

◆ Resource compliance with the Risk Management Strategy

The 2015 to 2017 Risk Management Work Plan was attached as Appendix 1 to the report and assessed delivery of risk management actions. At 30 September 2016, all 8 actions due by that date had been completed.

Appendix 2 to the report provided details of Resources' compliance with the Risk Management Strategy. There had been an overall improvement in compliance of 1.12% since the year end risk management report for 2014/2015.

At 31 March 2016, 100% of actions relating to the Council's top risk register had been completed against a target of 75%.

The Forum decided: that the report be noted.

[Reference: Minutes of 19 January 2016 (Paragraph 7)]

7 2015/2016 Year End Insured Risks Report

A report dated 12 October 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2016 for the following main classes of insurance:-

- ◆ employer's liability
- ◆ public liability
- ◆ motor insurance
- ◆ property insurance and other miscellaneous risks

Appendix 1 provided annual comparisons of the numbers and values of claims by Resource for the years 2011/2012 to 2015/2016. This, generally, showed a downward trend in the numbers and values of claims in the 4 year period 2011/2012 to 2014/2015.

Appendix 2 compared claim numbers and costs for 2015/2016 with the equivalent position for 2014/2015. This showed an increase of 16 claims compared with the numbers reported in 2014/2015 and an increase in the cost of claims from £2.345 million in 2014/2015 to £2.374 million in 2015/2016.

Details were given on measures in place and mitigating actions proposed to manage insurance hotspots.

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

The Forum decided: that the report be noted.

[Reference: Minutes of 27 October 2015 (Paragraph 5)]

8 Audit Scotland - Maintaining Scotland's Roads - A Follow-up Report

A report dated 21 October 2016 by the Executive Director (Community and Enterprise Resources) was submitted on the most recent Audit Scotland report entitled "Maintaining Scotland's Roads".

Following on from reports published in 2004, 2011 and 2013, Audit Scotland's further report on Maintaining Scotland's Roads had been published on 4 August 2016. The key messages contained within the Audit Scotland report were that:-

- ◆ the proper maintenance of the road network was vital to Scotland's economic prosperity and for road users to travel safely
- ◆ roads authorities, locally and nationally, needed to demonstrate a much greater commitment to innovation, comparing relative efficiency and being clearer with the public about the impact on road condition of agreed spending levels
- ◆ the condition of Council roads had remained stable, with 63% being in an acceptable condition over the period 2011/2012 to 2014/2015, despite investment reducing by 14%
- ◆ the condition of trunk roads had declined and the percentage of roads in an acceptable condition had reduced from 90% to 87%, with a 4% reduction in investment from 2011/2012 to 2014/2015
- ◆ progress in introducing a shared services approach to roads maintenance had been slow

The audit report compared performance across councils in a number of areas and, in terms of the Council's performance, this was generally positive.

A number of recommendations were contained in the Audit Scotland follow-up report and those, together with the Council's responses, were detailed in the report.

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

The Forum decided: that the report be noted.

[Reference: Minutes of 17 September 2013 (Paragraph 10)]

9 The National Fraud Initiative 2014

A report dated 21 October 2016 by the Executive Director (Finance and Corporate Resources) was submitted on the 2014 National Fraud Initiative (NFI).

The NFI matched similar data in different public sector systems and identified possible inconsistencies. Those inconsistencies, known as matches, required to be investigated by local authorities with a view to detecting fraud. Until 2014, the focus of the initiative alternated annually between a limited and a full exercise. The full exercise would continue to be undertaken every 2 years, however, the limited Single Person Discount (SPD) exercise would now be carried out annually. The 2014 NFI had been a full exercise and involved Council wide comparisons including:-

- | | |
|-------------|----------------------------------|
| ◆ benefits | ◆ insurance claims |
| ◆ payroll | ◆ blue badge holders |
| ◆ creditors | ◆ recipients of direct funding |
| ◆ licences | ◆ private nursing home residents |

In addition, records had also been matched to the Department for Work and Pensions' deceased persons' records and those of the UK Border Agency.

Details were given on the results of the 2014 exercise which, in relation to the Council, showed that:-

- ◆ there had been a reduction of 12% in the number of Council matches compared with the 2012 and 2013 exercises. This was considered to reflect the success of previous exercises

- ♦ the Council had recorded approximately £0.091 million of outcomes from the 2014 exercise to date, a decrease of £0.082 million (47%) from the previous exercise
- ♦ recovery action was being taken by the Council for approximately £0.085 million (93%) of the outcomes identified

Audit Scotland had co-ordinated the Scottish exercise and had made 5 recommendations to be considered by NFI participants. Of those, 4 were applicable to the Council and 1 was only applicable to local authorities which administered pension schemes. Those recommendations, together with the Council's response and additional action required, where necessary, were detailed in Appendix 1 to the Executive Director's report.

The Forum decided: that the report be noted.

[Reference: Minutes of 19 May 2015 (Paragraph 4)]

10 Financial Resources Scrutiny Forum Activity

A report dated 19 October 2016 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Financial Resources Scrutiny Forum in the period from September 2015 to September 2016.

A report on the business considered by the Financial Resources Scrutiny Forum would be submitted to the Risk and Audit Scrutiny Forum on an annual basis.

The Forum decided: that the report be noted.

11 Forward Programme for Future Meetings

A report dated 20 October 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.

12 Urgent Business

There were no items of urgent business.