

## RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 5, Council Offices, Almada Street, Hamilton on 29 September 2011

**Chair:**

Councillor George Sutherland

**Councillors Present:**

John Anderson, Maureen Devlin, Brian McKenna, Jean McKeown, Alice Marie Mitchell

**Councillors' Apologies:**

Graeme Campbell, Lynn Filshie, Graeme Horne

**Attending:**

**Finance and Corporate Resources**

P Manning, Executive Director; J Allan, Risk and Audit Manager; Y Douglas, Audit Adviser; P MacRae, Administration Officer; G McCann, Head of Legal Services; H McNeil, Head of Audit and Improvement

**Also Attending:**

**PricewaterhouseCoopers**

M Kerr and C Revie, External Auditors

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### Chair's Remarks

The Chair advised that this would be the last meeting of the Forum which Joan Allan would attend as she was retiring. On behalf of members of the Forum, he wished her a long and happy retirement. The Chair also congratulated Yvonne Douglas on her appointment to the post of Audit Manager.

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### 1 Declaration of Interests

No Interests were declared.

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### 2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Forum held on 14 July 2011 were submitted for approval as a correct record.

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

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### 3 Internal Audit Progress – April to August 2011

A report dated 13 September 2011 by the Executive Director (Finance and Corporate Resources) was submitted on work undertaken by Internal Audit during the period April to August 2011.

Details were given on progress with audit assignments and the performance of Internal Audit which highlighted that 30% of the 2011/2012 Internal Audit Plan had been completed to a draft stage.

The main findings from the following assignments were detailed in the report:-

- ◆ assurance over governance risks
- ◆ assurance over anti-fraud risks
- ◆ management of “following the public pound” risks
- ◆ management of environmental risks
- ◆ management of health and safety risks
- ◆ assurance over financial control

Officers spoke in answer to members’ questions on a specific assignment relating to cheque use.

Key audit performance indicators and assignments completed between April and August 2011 were detailed in appendices 1 and 2 respectively.

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

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#### **4 Efficiency Statement 2010/2011**

A report dated 8 September 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the Council’s Efficiency Statement for 2010/2011 which had been approved by the Executive Committee at its meeting on 7 September 2011.

The Statement had been prepared in line with updated guidance received from the Convention of Scottish Local Authorities (COSLA). Details of how the Efficiency Statement had been structured had been provided and the full Statement was attached as an appendix to the report.

The Statement reflected cash and time release savings totalling £19.767 million. In line with COSLA’s timetable, the Council had submitted the Statement by the due date of 19 August 2011. COSLA would, in turn, forward the Statement to the Scottish Government for consideration along with Statements from other Local Authorities.

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

*[Reference: Minutes of Executive Committee of 7 September 2011 (Paragraph 7)]*

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#### **5 External Audit Presentation on 2010/2011 Audit of Financial Statements**

A report dated September 2011 by PricewaterhouseCoopers, the Council’s external auditor, was submitted providing an overview of the audit of the 2010/2011 financial statements.

Details were given on the following areas:-

- ◆ audit opinion
- ◆ financial statements audit process
- ◆ significant audit and accounting matters
- ◆ financial outturn 2010/2011
- ◆ financial outlook for 2011/2012 and beyond
- ◆ internal control and governance reporting
- ◆ likely content of the 2010/2011 annual report to members
- ◆ ISA 260 communications to those charged with governance
- ◆ next steps

The external auditor’s opinion on the Council’s financial statements for the year ended 31 March 2011 was unqualified.

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

*[Reference: Minutes of 23 September 2010 (Paragraph 4)]*

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## **6 Sustainable Waste Management - Local Follow-Up Report**

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A report dated September 2011 by PricewaterhouseCoopers, the Council's external auditor, was submitted on the Council's performance on sustainable waste management since the publication, in 2007, of the Sustainable Waste Management report prepared by Audit Scotland.

The follow-up work was based on an Audit Scotland checklist which local auditors were required to complete. This related to the following areas:-

- ◆ Council plans to improve waste management and contribute to meeting future national targets
- ◆ costs associated with plans to improve waste management to meet the 2013 and 2020 targets
- ◆ Council plans for new infrastructure/facilities to improve waste management and meet the 2013 and 2020 targets
- ◆ sharing of waste management services and facilities with other Councils
- ◆ engagement with individuals and communities about the best way to improve waste management

Details of the external auditor's main observations on the Council's performance in terms of the areas highlighted above were given in the report.

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

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## **7 Improving Public Sector Purchasing - Local Follow-Up Report**

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A report dated September 2011 by PricewaterhouseCoopers, the Council's external auditor, was submitted on the Council's purchasing performance since the publication, in 2009, of the report entitled Improving Public Sector Purchasing prepared by Audit Scotland. Audit Scotland had issued a checklist for all local auditors to complete covering the following areas:-

- ◆ commitment to achieving improvements in purchasing practice based on the Procurement Capability Assessment (PCA) process
- ◆ system of delegation and authority for purchasing
- ◆ the Council's purchasing strategy

The auditor's observations on each of those areas were detailed in the report. Areas for further consideration by the Council, together with an action plan, had been identified and were highlighted in the report.

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

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## **8 South Lanarkshire Council Good Governance Action Plan 2011/2012**

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A report dated 13 September 2011 by the Executive Director (Finance and Corporate Resources) was submitted on the Good Governance Action Plan for 2011/2012.

The 2011/2012 Good Governance Action Plan had been developed:-

- ◆ through a review of the 2010/2011 Governance Statement
- ◆ by identifying areas using the Finance Advisory Network (FAN) assessment model

The Action Plan contained 17 identified actions. 14 of those had been taken from the Governance Statement and 3 had been identified using the FAN assessment model. All actions had been assigned lead officers as well as timescales for progress during 2011/2012. The Good Governance Action Plan was attached as an appendix to the report.

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

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## **9 Financial Resources Scrutiny Forum Activity**

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A report dated 9 September 2011 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Financial Resources Scrutiny Forum in the period from February 2010 to September 2011.

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.

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## **10 Forward Programme for Future Meetings**

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A report dated 14 September 2011 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 November 2011.

**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.

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## **11 Urgent Business**

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There were no items of urgent business.