

# RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 5, Council Offices, Almada Street, Hamilton on 3 March 2011

**Chair:**

Councillor Graeme Horne

**Councillors Present:**

John Anderson, Maureen Devlin, Lynn Filshie, Brian McKenna, Alice Marie Mitchell, George Sutherland

**Councillors' Apologies:**

Graeme Campbell, Jean McKeown

**Attending:**

**Corporate Resources**

P MacRae, Administration Officer

**Finance and Information Technology Resources**

J Allan, Risk and Audit Manager; C McGhee, Audit Advisor; H McNeil, Head of Audit and Improvement

**Social Work Resources**

H Stevenson, Executive Director; L Lafferty, Child and Family Manager

**Also Attending:**

**PricewaterhouseCoopers**

M Kerr, External Auditor

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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 16 December 2010 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 at End January 2011

A report dated 3 February 2011 by the Chief Executive was submitted on work undertaken by Internal Audit for the period April 2010 to end January 2011.

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

- ◆ 61% of the Internal Audit Annual Plan had been completed to a draft stage
- ◆ 78% of assignments had been completed on time and 77% had been completed within budget

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

- ◆ procurement compliance
- ◆ Education Maintenance Allowances
- ◆ external funding
- ◆ asset reconciliation
- ◆ quality of financial management systems
- ◆ carbon reduction commitment
- ◆ benefits fraud prevention

Officers spoke in answer to members' questions on specific assignments.

Details of all planned and unplanned assignments, together with an overview of Internal Audit performance at end January 2011, were given in Appendices 1, 2 and 3 respectively.

**The Forum decided:** that the performance of Internal Audit be noted.

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#### **4 Internal Audit Plan 2011/2012**

A report dated 4 February 2011 by the Chief Executive was submitted on the Internal Audit Plan 2011/2012.

A total of 2,240 audit days had been provided for in the Plan. The objectives and scope of assignments contained in the Plan were detailed in Appendix 1 to the report.

All proposed assignments had been risk assessed prior to inclusion in the Plan. Adjustments had been made to an initial draft to ensure adequate coverage by Resource and work type and to ensure compliance with the planning strategy. A contingency list had been prepared to allow alternative work to be carried out during the year should the demand for work in other risk areas arise. This had been attached as Appendix 2 to the report.

Officers spoke in answer to members' questions on specific assignments which had been included in the Plan.

**The Forum decided:**

- (1) that the Internal Audit Plan for 2011/2012 be endorsed; and
- (2) that it be noted that the Internal Audit Plan 2011/2012 would be submitted to a future meeting of the Executive Committee for formal approval.

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#### **5 Audit Scotland Report – “Getting it Right for Children in Residential Care”**

A report dated 14 February 2011 by the Executive Director (Social Work Resources) was submitted on Audit Scotland's report entitled “Getting it Right for Children in Residential Care” which had been published in September 2010.

The report examined how effectively councils used their resources in residential placements for looked after children and identified areas for improvement. Specific recommendations were made in relation to:-

- ◆ individualised care planning
- ◆ strategic service planning
- ◆ management information
- ◆ future needs
- ◆ commissioning
- ◆ evaluation and report

The Council had established a small working group which had reviewed each recommendation and measured it against current services at a strategic and operational level. Over 90% of Audit Scotland's requirements were in place and working well or were in place with only minor improvements required.

**The Forum decided:** that the actions taken in response to the recommendations contained within Audit Scotland's report "Getting it Right for Children in Residential Care" be endorsed.

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## **6 National Fraud Initiative - January 2011**

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A report dated 4 February 2011 by the Chief Executive was submitted on the 2011 National Fraud Initiative.

The National Fraud Initiative, undertaken annually by the Accounts Commission, 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.

On 25 January 2011, the Council received a list of matches which required investigation. This year, there were 13,395 matches. This was lower than in previous years and reflected the success of previous exercises and improvements made to the quality of data provided by the Council.

Internal Audit prepared a project plan at the start of each new exercise and reported progress against this. Services had agreed a risk based approach to the 2011 exercise which included the number of cases to be investigated and target completion dates. Only a proportion of investigations would be completed by the end of March 2011 with most falling into the 2011/2012 financial year.

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

*[Reference: Minutes of 16 December 2010 (Paragraph 7)]*

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## **7 External Audit Plan - 2010/2011**

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A document by PricewaterhouseCoopers, the Council's external auditor, was submitted on the External Audit Plan for 2010/2011.

The External Audit Plan included the following key areas:-

- ◆ the Code of Audit Practice
- ◆ the PricewaterhouseCoopers' audit approach
- ◆ risk assessment
- ◆ governance and financial statements
- ◆ audit fees

**The Forum decided:** that the External Audit Plan 2010/2011 be endorsed.

*[Reference: Minutes of 28 January 2010 (Paragraph 5)]*

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## **8 Performance and Review Activity**

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A report dated 15 February 2011 by the Chief Executive was submitted on reports considered by the Performance and Review Scrutiny Forum during 2010.

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

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

*[Reference: Minutes of 28 January 2010 (Paragraph 6)]*

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## **9 Forward Programme for Future Meetings**

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A report dated 15 February 2011 by the Executive Director (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 meetings of the Risk and Audit Scrutiny Forum to November 2011, 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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## **10 Urgent Business**

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There were no items of urgent business.