

RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 5, Council Offices, Almada Street, Hamilton on 19 May 2011

Chair:

Councillor George Sutherland

Councillors Present:

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

Councillors' Apologies:

Graeme Campbell, Lynn Filshie, Graeme Horne, Brian McKenna

Attending:**Corporate Resources**

P MacRae, Administration Officer; G McCann, Head of Legal Services; A Norris, Administration Assistant; A Sinclair, Research Adviser

Enterprise Resources

G Mackay, Head of Roads and Transportation

Finance and Information Technology Resources

J Allan, Risk and Audit Manager; S Dunsmore, Assistant Risk Manager; H McNeil, Head of Audit and Improvement

Also Attending:**PricewaterhouseCoopers**

M Kerr, External Auditor

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 3 March 2011 were submitted for approval as a correct record.

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

3 Internal Audit Annual Assurance Report 2010/2011

A report dated 26 April 2011 by the Chief Executive was submitted on:-

- ◆ the progress and performance of Internal Audit for the full financial year 2010/2011
- ◆ the opinion of Internal Audit on the strength of the Council's control environment

Details were given on:-

- ◆ Internal Audit performance
- ◆ Council-wide performance
- ◆ workload analysis
- ◆ management of fraud risks

- ◆ financial controls and findings
- ◆ operational controls and findings

A total of 2,358 productive audit days had been achieved in 2010/2011 which was slightly lower than planned due to staff vacancies. This had been offset by an increased productivity rate of 76% compared to the planned 70%. 98% of the agreed plan had been delivered against a target of 95%. Steps were being taken to re-instate delivery of audit recommendations as a council wide measure to help improve delivery performance which was 71% against a target of 80%.

Officers spoke in answer to members' questions on various aspects of the report.

Overall, it was considered that an adequate level of control had been demonstrated across the Council's main financial and operational systems and processes.

The Forum decided:

- (1) that the positive Internal Audit performance during 2010/2011 be noted;
- (2) that the adequate level of assurance for financial and operational controls be noted; and
- (3) that it be noted that the overall findings from Internal Audit work would be incorporated into the Council's 2010/2011 Annual Governance Statement.

Councillor Devlin entered the meeting during this item of business

4 Risk Management Year End Report 2010/2011

A report dated 27 April 2011 by the Chief Executive was submitted on the 2010/2011 Risk Workplan.

The actions highlighted within the Workplan resulted from the assessment of the Council's progress on risk management using the Best Value 2 (BV2) toolkit and other risk management standards.

The 2010/2011 Workplan was attached as Appendix 1 to the report and assessed delivery of the Risk Management Workplan using the same scoring mechanism as "Improve", the Council's performance management system. At the end of March 2011, 79% of actions had been completed or were nearing completion. Actions from the 2010/2011 Workplan which had not been completed would be reviewed and included in the 2011/2012 Workplan.

Details were given on the main risk management achievements for 2010/2011.

Appendix 2 to the report gave details of Resources' compliance with the Risk Management Strategy. There had been an overall annual improvement in performance of 24% since the year end risk management report for 2009/2010.

Internal Audit would undertake a review of the Council's risk management functions. The review would focus on compliance against a compilation of standards and best practice guidance. The recommendations and actions from the audit would form part of the 2011/2012 Risk Workplan.

The Forum decided:

- (1) that progress on delivering the actions within the Risk Management Workplan 2010/2011 be noted;

- (2) that progress made by Resources in complying with the requirements of the Risk Management Strategy be noted; and
- (3) that the approach to determining areas of risk management work for 2011/2012 be noted.

[Reference: Minutes of 8 July 2010 (Paragraph 6)]

5 Best Value 2 - Shared Risk Assessment - Assurance and Improvement Plan

A report dated 20 April 2011 by the Chief Executive was submitted on the outcome of the Shared Risk Assessment process and the 2011/2012 update of the Assurance and Improvement Plan.

At its meeting on 1 December 2010, the Executive Committee considered a report which provided details of the Shared Risk Assessment (SRA) submission for year 2. The SRA was a process that allowed all local government scrutiny bodies to participate in a discussion designed to deliver the Council's Assurance and Improvement Plan (AIP).

The submission had been considered by the Local Area Network (LAN) during December 2010. Subsequently, the LAN had compiled an AIP for the Council which would be published during May 2011 by Audit Scotland. The draft AIP was attached as Appendix 1 to the report.

The AIP was subject to consideration by a quality and consistency panel, which ensured consistency of approach across the various LANs. Each local authority's AIPs would be considered by a national Round Table Strategic Group in order to produce a national Risk Assessment and Joint Scrutiny Plan.

Key points included in the AIP indicated that:-

- ◆ the updated Shared Risk Assessment for 2011/2012 remained largely unchanged and there were no significant scrutiny risks
- ◆ some priorities had moved from the category of "area of uncertainty" to that of "having no significant risks" and others had moved in the opposite direction

The AIP considered:-

- ◆ activity under the following headings:-
 - ◆ outcomes
 - ◆ services
 - ◆ corporate assessment
- ◆ the Council's position in terms of the following national risk priorities:-
 - ◆ the protection and welfare of vulnerable people
 - ◆ assuring public money was being used properly
 - ◆ response to the challenging financial environment

AIPs for all local authorities would be published simultaneously together with the National Scrutiny Plan.

The Forum decided:

- (1) that the draft Assurance and Improvement Plan (AIP) be noted; and

- (2) that it be noted that relevant Resources would consider the content of the AIP and ensure adequate progress was made to maintain the existing risk assessment status and to mitigate any identified risk in advance of next year's AIP.

[Reference: Minutes of 8 July 2010 (Paragraph 7)]

6 Review of Council's Top Risks

A report dated 3 May 2011 by the Chief Executive was submitted on existing top risk control measures and the results of the online survey to update the Council's corporate Risk Register.

The Council's top Risk Register had last been updated and approved in February 2010.

Details were given on the overall status of actions relating to the existing top 34 risks. 75% of planned actions had been completed which compared favourably against the target of 60%. Any outstanding actions carried forward from the existing Council-wide Risk Control Plan and any new actions identified would form the new Risk Control Plan. Overall monitoring would be incorporated into the Risk Workplan for 2011/2012 to ensure that work in those areas continued to be progressed.

Following consultation with Executive Directors during Autumn 2010, a proposed list of 24 top risks had been compiled. An online survey had been undertaken in February and March 2011 and responses had been analysed to produce a final ranking for all risks. The revised Risk Register, produced following the survey, was attached as an appendix to the report. A report on the Council's top risks would be submitted to a future meeting of the Executive Committee.

The Forum decided:

- (1) that the performance in delivering control for the Council's existing top risks be noted;
- (2) that the revised Risk Register be endorsed for onward reporting to the Executive Committee; and
- (3) that the proposed steps for monitoring top risks be noted.

[Reference: Minutes of Executive Committee of 10 February 2010 (Paragraph 7)]

7 Audit Scotland - Maintaining Scotland's Roads - Follow-up Report

A report dated 8 April 2011 by the Executive Director (Enterprise Resources) was submitted on the Audit Scotland follow-up report entitled "Maintaining Scotland's Roads".

In November 2004, a report entitled "Maintaining Scotland's Roads" had been published by the Accounts Commission and the Auditor General for Scotland. The report made a series of recommendations and the recent follow-up report by Audit Scotland assessed progress on implementing the recommendations of the 2004 report.

Details were given on the key outcomes of the Audit Scotland follow-up report together with Enterprise Resources' response to each issue.

While, nationally, the condition of roads had deteriorated, the Council had recognised this and had put in place the Roads Investment Plan.

Officers spoke in response to members' questions and comments on the report.

The Forum decided: that the Audit Scotland “Maintaining Scotland’s Roads” follow-up report and the views of Enterprise Resources on the issues raised in the report be noted.

8 Forward Programme for Future Meetings

A report dated 20 April 2011 by the Executive Director (Corporate Resources) was submitted on the outline forward programme for meetings of the Risk and Audit Scrutiny Forum to the end of 2011.

The Forum decided:

- (1) that the outline forward programme for meetings of 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.

9 South Lanarkshire Council Annual Governance Statement for 2010/2011

A report dated 5 May 2011 by the Executive Director (Corporate Resources) was submitted on the Annual Governance Statement for 2010/2011.

The annual review of the Council’s governance arrangements informed the Governance Statement which was included in the Council’s Annual Accounts. The annual review for 2010/2011 had been undertaken using the Finance Advisory Network (FAN) guidance.

The Governance Statement had to be informed by evidence of the Council’s internal controls and areas of risk. Appendix 1 to the report provided details of the framework of the information collated in support of the 2010/2011 Governance Statement.

The draft Governance Statement for 2010/2011 was attached as Appendix 2 to the report.

The 2011/2012 Good Governance Action Plan was currently being developed and would be monitored and progressed through the Good Governance Group. A progress report would be submitted to a future meeting of the Risk and Audit Scrutiny Forum.

The Forum decided:

- (1) that the draft Annual Governance Statement for 2010/2011 be endorsed for inclusion in the Council’s 2010/2011 Annual Report; and
- (2) that it be noted that the final Annual Governance Statement would be submitted to the meeting of the Executive Committee on 6 July 2011.

10 Urgent Business

There were no items of urgent business.