

## RISK AND AUDIT SCRUTINY FORUM

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 24 January 2018

**Chair:**

Councillor Graeme Campbell

**Councillors Present:**

Poppy Corbett, Mary Donnelly, Mark Horsham, Julia Marrs, Carol Nugent, Jim Wardhaugh

**Councillors' Apologies:**

Margaret Cowie, Martin Lennon, Margaret B Walker

**Attending:**

Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; T Little, Head of Corporate Communications and Strategy; P MacRae, Administration Officer; G McCann, Head of Administration and Legal Services

**Also Attending:****Audit Scotland**

R Smith, External Auditor

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**1 Declaration of Interests**

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No interests were declared.

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**2 Minutes of Previous Meeting**

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The minutes of the meeting of the Risk and Audit Scrutiny Forum held on 1 November 2017 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 Activity as at 29 December 2017**

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A report dated 29 December 2017 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 14 October to 29 December 2017.

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

- ◆ 87% of assignments had been delivered within budget against a target of 80%
- ◆ 77% of draft reports had been delivered on time against a target of 80%
- ◆ 90% of the 2017/2018 Internal Audit Plan had been started
- ◆ 74% 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%
- ◆ 98% of Internal Audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 14 October to 29 December 2017 were detailed in Appendix 2 to the report. The proposed Audit Plan for 2018 to 2020 was attached as Appendix 3 to the report. Forum members were invited to consider the work plan for 2018/2019 and advise of any significant areas which they considered were not included in the Plan.

To evidence that the Internal Audit Assurance report informed the draft Governance Statement, the Internal Audit Plan would now be concluded to draft report stage by 31 March instead of 30 April each year. This would allow the annual Internal Audit Assurance report to be submitted to the Forum at the same time as the draft Governance Statement. As a result, and for the reasons detailed in the report, it was proposed to delay work on the following 3 assignments until 2018/2019:-

- ◆ Community Payback Order review
- ◆ mobile working
- ◆ financial strategy

**The Forum decided:**

- (1) that the report be noted; and
- (2) that the amendments to the 2017/2018 Audit Plan be endorsed.

*[Reference: Minutes of 1 November 2017 (Paragraph 3)]*

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#### **4 Good Governance Action Plan 2017/2018 - Quarter 2 Progress Report**

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A report dated 20 December 2017 by the Executive Director (Finance and Corporate Resources) was submitted on the Good Governance Action Plan for 2017/2018.

The 2017/2018 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 2 Update of the Good Governance Action Plan 2017/2018, 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 142 control measures identified, 135 had been categorised as green, 1 had been categorised as amber and 6 would be reported later.

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

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

*[Reference: Minutes of 31 January 2017 (Paragraph 4)]*

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#### **5 Review of the Council's Top Risks**

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A report dated 4 January 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the outcome of a review of the Council's top risks.

Details were given on the process for, and results of, the 2017 annual review of the Council's top risks.

Details of the revised top 20 risks, with both the inherent and residual risk scores, together with examples of associated risk controls and an assessment of the adequacy of controls, were given in Appendix 1 to the report.

The Council's overall risk exposure for 2017/2018 had shown a slight improvement on the position for 2016/2017, however, this was largely due to a higher proportion of risks categorised as low.

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

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

*[Reference: Minutes of 31 January 2017 (Paragraph 5)]*

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## **6 Performance and Review Scrutiny Forum Annual Update**

A report dated 28 November 2017 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Performance and Review Scrutiny Forum in the period from January to December 2017.

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

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

*[Reference: Minutes of 31 January 2017 (Paragraph 7)]*

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## **7 Corporate Governance - Review of the Adequacy of Internal Audit**

A letter dated 15 December 2017 by Audit Scotland, the Council's External Auditor, was submitted on the External Auditor's assessment of the adequacy of the Council's Internal Audit function for 2017/2018.

The objectives of the assessment were to:-

- ◆ establish the effectiveness of Internal Audit arrangements as part of the Council's wider governance arrangements
- ◆ identify areas of Internal Audit work on which Audit Scotland could place formal reliance

Details were given on the areas of Internal Audit's work on which Audit Scotland planned to place formal reliance in relation to:-

- ◆ financial statements
- ◆ governance and performance

Audit Scotland had concluded that the Council's Internal Audit Service operated in accordance with the Public Sector Internal Audit Standards (PSIAS) and had sound documentation standards and reporting procedures in place. However, 2 findings and their associated risks had been recorded as follows:-

- ◆ inclusion of Internal Audit within the remit of the Executive Director (Finance and Corporate Resources)
- ◆ slippage in the 2016/2017 Internal Audit Plan and the resultant rephrasing of a number of reviews to the first quarter of 2017/2018

Audit Scotland would also consider the outcome of the external review of Internal Audit's compliance with PSIAS to ensure that no issues were identified which would impact on their ability to place reliance on the work of Internal Audit.

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

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## **8 Forward Programme for Future Meetings**

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A report dated 9 January 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Forum to 13 June 2018.

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 13 June 2018 be noted.

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## **9 Urgent Business**

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There were no items of urgent business.