

# RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Microsoft Teams on 9 December 2020

**Chair:**

Councillor Graeme Campbell

**Councillors Present:**

Councillor Mary Donnelly, Councillor Grant Ferguson, Councillor Julia Marrs, Councillor Carol Nugent, Councillor Jared Wark

**Councillor Also Present:**

Councillor John Ross (for item 4)

**Councillors' Apologies:**

Councillor Walter Brogan, Councillor Martin Lennon, Councillor Davie McLachlan

**Attending:**

**Chief Executive's Service**

C Sneddon, Chief Executive (for item 4)

**Finance and Corporate Resources**

P Manning, Executive Director (Finance and Corporate Resources); Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; T Little, Head of Communications and Strategy; P MacRae, Administration Adviser; G McCann, Head of Administration and Legal Services; E-A McGonigle, Administration Officer

**Also Attending:**

**Audit Scotland**

D Richardson, 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 Committee held on 21 September 2020 were submitted for approval as a correct record.

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

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## 3 Minutes of Special Meeting

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The minutes of the special meeting of the Risk and Audit Scrutiny Committee held on 16 November 2020 were submitted for approval as a correct record.

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

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## **4 Good Governance Update**

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A report dated 11 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted providing an update on the Council's governance arrangements.

Each year, the Council undertook a comprehensive review of the governance arrangements required to support its financial and operational controls. The annual review of governance arrangements informed the Governance Statement which was included within the Council's Annual Accounts. As part of this annual review, the Council's Local Code of Corporate Governance was reviewed, updated and republished. Compliance with the Code was also reviewed on an annual basis. Appendix 1 to the report provided details of the Council's compliance with the Code.

An annual review of the Code had also been undertaken and the amendments to the Code following the review were detailed in the report. The revised Code was attached as Appendix 2 to the report. Progress on the significant governance areas from April to September 2020 was detailed in Appendix 3 to the report.

Officers were commended on the format and clarity of the report and associated appendices.

### **The Committee decided:**

- (1) that the findings from the annual compliance check against the Local Code of Corporate Governance be noted;
- (2) that the updated Local Code of Corporate Governance be approved; and
- (3) that progress against the significant governance areas identified within the Annual Governance Statement 2019/2020 be noted.

*[Reference: Minutes of 18 June 2020 (Paragraph 4)]*

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## **5 Internal Audit Activity as at 20 November 2020**

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A report dated 24 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 29 August to 20 November 2020.

Standard performance management processes had been suspended since the start of 2020/2021 with individual tasks having specific target dates for completion, agreed at the outset and then used for monitoring purposes. At its meeting on 21 September 2020, the Committee noted the temporary performance management arrangements that had been put in place and that standard performance indicators would be used to monitor delivery of the Audit Plan through to 31 March 2021.

As at 20 November 2020, 57% of planned assignments in the 2020/2021 Audit Plan were in progress. Details of assignments completed in the period were given in Appendix 1 to the report. Work plans were in place to conclude those and the remainder of the assignments in the Plan by 31 March 2021. In conjunction with delivering allocated assignments, Internal Audit would continue to check and facilitate payment of COVID-19 support grants.

It was noted that future activity reports would set out 'key messages' for a larger number of completed assignments and add further detail on the context and nature of findings that were being reported. For relevant audit assignments, the activity report would also set out key areas of assurance that members should consider alongside a summary of the extent to which highlighted risks were being managed and mitigated.

Work to prepare the 2021/2022 Internal Audit Plan would commence in early course and members of the Committee were invited to offer ideas and suggestions for inclusion in the Plan. Those should focus on specific risk areas where there were known control weaknesses.

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

*[Reference: Minutes of 21 September 2020 (Paragraph 4)]*

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## **6 Review of Council's Top Risks/Year End Risk Management Report**

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A report dated 9 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted providing an update on:-

- ◆ the Council's top risk register following the annual review and consultation process
- ◆ progress with risk management activity undertaken during 2019/2020

Details were given on the process for and results of the 2020 review of the Council's top risks. On the whole, the risks from the previous year's review, as detailed in the report to this Committee on 27 November 2019, were still deemed to be valid, however, the majority of those risks had been impacted by the COVID-19 pandemic.

Details were given on the main changes to the top risks as follows:-

- ◆ the addition of a new risk in respect of COVID-19
- ◆ the addition of a new risk in respect of failure to evidence progress against Social Work Care Inspectorate Requirements
- ◆ the rescoring of risks in line with the 5x5 scoring matrix
- ◆ updated risk descriptions, controls and actions, as required, on individual risks

The revised 5x5 scoring matrix was attached as Appendix 1 to the report. The Council's revised top risks, with both the inherent and residual risk score, together with an assessment of the adequacy of controls, were detailed in Appendix 2 to the report.

Details were also given on top risk developments in relation to:-

- ◆ Brexit/concurrent risks
- ◆ IT service delivery

Risk Sponsors were required, on an annual basis, to assess and provide evidence of their Resource's compliance with the Risk Management Strategy. The end of year compliance statement, attached as Appendix 3 to the report, showed that Resources continued to demonstrate full compliance with the Strategy.

Performance in completing actions on the Council's top risk control plan was monitored on a quarterly basis. At 31 March 2020, 100% of actions relating to the Council's top risk register had been completed against a target of 90%.

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

*[Reference: Minutes of 27 November 2019 (Paragraph 5)]*

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## **7 Audit Scotland Report – Local Government in Scotland Overview 2020**

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A report dated 4 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland Report entitled 'Local Government in Scotland: Overview 2020' which had been published in June 2020.

The report was structured around the following 3 areas:-

- ◆ the challenges facing local government across a number of issues
- ◆ “doing things differently” where councils required to plan and implement changes to allow them to meet and improve outcomes for their communities
- ◆ Planning Services as an example of a service which had been significantly affected by reduced budgets and staffing but which provided an important service.

A number of key messages arising from the Audit Scotland report were detailed.

The Audit Scotland report outlined several recommendations for councils and those, together with an assessment of the position in South Lanarkshire Council, were detailed in the Executive Director's report.

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

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

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A report dated 25 November 2020 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 22 June 2021.

As part of future arrangements, members were invited to suggest topics for inclusion in the Committee's forward programme.

**The Committee decided:** that the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 22 June 2021 be noted.

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## **9 Urgent Business**

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There were no items of urgent business.