



Council Offices, Almada Street
Hamilton, ML3 0AA

Tuesday, 18 January 2022

Dear Councillor

Risk and Audit Scrutiny Committee

The Members listed below are requested to attend a meeting of the Committee to be held as follows:-

Date: Wednesday, 26 January 2022
Time: 10:00
Venue: By Microsoft Teams,

The business to be considered at the meeting is listed overleaf.

Yours sincerely

Cleland Sneddon
Chief Executive

Members

Eric Holford (Chair), Walter Brogan, Mary Donnelly, Grant Ferguson, Martin Lennon, Julia Marrs, Davie McLachlan, Carol Nugent, Jared Wark

Substitutes

Janine Calikes, Margaret Cowie, Bert Thomson

BUSINESS

1 Declaration of Interests

- 2 Minutes of Previous Meeting** 3 - 8
Minutes of the meeting of the Risk and Audit Scrutiny Committee held on 17 November 2021 submitted for approval as a correct record. (Copy attached)

Item(s) for Decision

- 3 Good Governance Update** 9 - 48
Report dated 11 January 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 4 2022/2023 Internal Audit Plan** 49 - 58
Report dated 11 January 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

Item(s) for Noting

- 5 Internal Audit Activity as at 7 January 2022** 59 - 64
Report dated 10 January 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 6 Fraud Statistics Six Monthly Update 2021/2022** 65 - 70
Report dated 10 January 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)
- 7 Performance and Review Scrutiny Forum Annual Update** 71 - 72
Report dated 11 January 2022 by the Executive Director (Finance and Corporate Resources). (Copy attached)

Urgent Business

- 8 Urgent Business**
Any other items of business which the Chair decides are urgent.

Clerk Name:	Elizabeth-Anne McGonigle
Clerk Telephone:	01698 454521
Clerk Email:	elizabeth-anne.mcgonigle@southlanarkshire.gov.uk

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held via Microsoft Teams on 17 November 2021

Chair:

Councillor Eric Holford

Councillors Present:

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

Councillors' Apologies:

Councillor Martin Lennon, Councillor Davie McLachlan

Councillor Also Present:

Councillor John Ross (for items 3 and 4)

Attending:

Chief Executive's Service

C Sneddon, Chief Executive (for items 3 and 4)

Finance and Corporate Resources

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; T Little, Head of Communications and Strategy; E-A McGonigle, Administration Officer; J Taylor, Head of Finance (Strategy)

Also Attending:

Audit Scotland

A Kerr, F Mitchell-Knight and G McNally, External Auditors

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 15 September 2021 were submitted for approval as a correct record.

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

3 External Auditors' Annual Report to South Lanarkshire Council 2020/2021

The following documents were submitted by Audit Scotland, the Council's external auditors:-

- ◆ letter and appendices relating to the 2020/2021 Annual Audit report on South Lanarkshire Council and registered charities administered by South Lanarkshire Council
- ◆ 2020/2021 South Lanarkshire Council proposed Annual Audit report to members of the Council and the Controller of Audit

The Audit Director, Audit Scotland, introduced the report and the Senior Auditor, Audit Scotland, spoke on the Annual Audit report and highlighted the following:-

- ◆ the audit of the 2020/2021 Annual Accounts
- ◆ financial management
- ◆ financial sustainability
- ◆ governance and transparency
- ◆ best value
- ◆ key messages
- ◆ 2020/2021 action plan on recommendations for improvement
- ◆ significant audit risks identified during planning of the audit
- ◆ summary of national performance reports 2020/2021

The Senior Auditor also referred to significant findings from the audit of financial statements in relation to:-

- ◆ loans fund reprofiling
- ◆ accounting for non-current assets
- ◆ assets held for sale
- ◆ accounting treatment of COVID-19 funding
- ◆ COVID-19 funding guidance change
- ◆ provision for dilapidations

The external auditors' opinion on the Council's Annual Accounts 2020/2021 and those of the 3 charities administered by the Council was unqualified.

The Committee decided: that the report be noted.

4 Audited Annual Accounts 2020/2021

A report dated 3 November 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ◆ Council's Certified Annual Accounts and Charitable Trusts' Accounts for 2020/2021, which had received a clean audit certificate from the Council's external auditors, Audit Scotland
- ◆ requirement to approve the Annual Accounts 2020/2021 for signature in terms of both the Council's accounts and related charitable trusts

The accounts covered the Council as well as 3 Charitable Trusts managed by the Council, namely South Lanarkshire Council Educational Trust, South Lanarkshire Council Charitable Trust and the East Kilbride Information Technology Trust. A clean audit certificate had been received for each with no qualifications on the Council's accounts. An agreed action plan had been included in the external auditor's report and officers would work to ensure those were implemented in 2021/2022.

The Annual Accounts would be advertised as being available for public inspection on the Council's website and on request from Finance Services.

The Committee decided:

- (1) that the South Lanarkshire Council Annual Accounts 2020/2021 and the Charitable Trusts' Accounts, which had each received a clean audit certificate from the Council's external auditors, Audit Scotland, be approved for signature; and

- (2) that it be noted that the external auditors' report would be referred to a future meeting of South Lanarkshire Council for noting.

5 2021/2022 Internal Audit Plan – 6 Months to 31 March 2021

A report dated 2 November 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the proposed first phase of the Internal Audit Plan 2021/2022 for the 6 months to 31 March 2021.

A total of 619 audit days, inclusive of days which had been allocated to external clients, had been provided for in the second phase of the Plan. The proposed Internal Audit Plan, which included a brief outline scope for each proposed assignment, was attached as Appendix 2 to the report. Progress on the first phase of the Plan, for the period to 30 September 2021, was set out in Appendix 1.

The content of the Audit Plan each year was determined by the requirement to deliver a programme of work that would inform the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements. To reflect the evolving risks and challenges that the Council continued to face, the Internal Audit Plan 2021/2022 had been presented to the Committee as 2 separate 6 month Plans to ensure they were current, relevant and deliverable. The Plans included core elements of audit work, completion of key financial year end tasks and reflected the ongoing support that was being provided to Council services to disburse COVID-19 grants.

A summary of how each assignment linked to key assurance areas for both Plans was included at Appendix 3 to the report.

The 2021/2022 Audit Plan would be delivered within the context of the revised Internal Audit Charter and in accordance with the Public Sector Internal Auditing Standards (PSIAS). A formal review of the internal audit function's compliance with PSIAS would be conducted in 2021/2022 in preparation for an external assessment that would be required in 2022/2023.

Work had commenced on the preparation of the 2022/2023 Internal Audit Plan and members of the Committee were invited to suggest potential areas for inclusion in the Plan. For the 2022/2023 Plan, consideration would be given as to whether the more agile approach of presenting the Plan at 6 monthly intervals would continue to be the most effective model. A review would be conducted that would consider practice across other local authorities as well as best practice guidance published by relevant professional bodies. The outcome of the review would be reported to the Committee in conjunction with the presentation of the proposed Internal Audit Plan for 2022/2023.

The Committee decided: that the proposed second phase of the 2021/2022 Internal Audit Plan for the 6 months to 31 March 2022 be approved.

[Reference: Minutes of 3 March 2021 (Paragraph 3)]

6 Internal Audit Activity as at 29 October 2021

A report dated 2 November 2021 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 28 August to 29 October 2021.

Findings from internal audit assignments were reported to this Committee throughout the year and the last progress report was considered by this Committee on 15 September 2021. Key performance indicators, which reflected quality, on time and within budget for the period to 30 September 2021, were summarised at Appendix 1 to the report. 100% of draft reports were issued on time and 100% within budget against targets of 80% respectively. Quality continued to be monitored through internal quality control procedures.

As at 29 October 2021, 95% of planned assignments from Phase 1 of the 2021/2022 Audit Plan had started and 23% completed to the draft report stage. A further 30% of assignments related to work that was continued throughout the year and was carried forward to the second 6 month Plan. Work to complete the remaining 47% of phase 1 of the 2021/2022 Plan continued, alongside the assignments that formed the second phase of the Plan through to 31 March 2022.

Client contributions to the delivery of the audit plan took the form of responding to draft reports, agreeing to close meetings and signing reports timeously once agreed. 100% of audit assignments were concluded to a signed action plan within 4 weeks of the issue of a draft report against a target of 80%.

The findings from assignments completed in the period 28 August to 29 October 2021 were detailed in Appendix 2 to the report.

In December 2020, the Committee was advised that the format for presenting findings with the Internal Audit update reports would be reviewed to support member scrutiny. The review had been completed and the new format, which contained an expanded key messages summary, was attached as Appendix 3 to the report. To further assist members with their scrutiny role, each of the key messages summaries would be concluded with suggested areas where assurance should be sought that all risks had been identified and that controls were in place to mitigate risks.

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

The Committee decided: that the report be noted.

[Reference: Minutes of 15 September 2021 (Paragraph 3)]

7 Audit Scotland Report – Local Government in Scotland Overview 2021

A report dated 20 September 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland Report entitled 'Local Government in Scotland: Overview 2021' which had been published in May 2021.

The latest Local Government Overview was the first in a series of reports that would reflect on the evolving and long-term impact of COVID-19. The 2021 report considered the initial response of councils and future reports would provide detailed analysis of the impact and lessons learned from the pandemic.

The report considered the impact of the pandemic across 3 themes:-

- ◆ communities and people
- ◆ service delivery and partnership working
- ◆ service case study focussing on planning

Information was given on a number of key messages and lessons learned arising from the Audit Scotland report.

The Audit Scotland report detailed the unprecedented set of issues and challenges that the COVID-19 pandemic had presented for councils, their partners and for communities. The shape of the recovery and renewal curve was not yet clear, nor was the longer-term impacts on the economy, communities, and public services.

The Committee decided: that the report be noted.

[Reference: Minutes of 9 December 2020 (Paragraph 7)]

8 Forward Programme for Future Meetings

A report dated 7 October 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meeting of the Risk and Audit Scrutiny Committee scheduled for 26 January 2022.

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 meeting of the Risk and Audit Scrutiny Committee scheduled for 26 January 2022 be noted.

9 Urgent Business

There were no items of urgent business.

Report

3

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	26 January 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Good Governance Update
----------	-------------------------------

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an update on the Council's governance arrangements

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendations:-

- (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 2020/2021 be noted.

3. Background

3.1. Each year the Council undertakes a comprehensive review of the governance arrangements that are required to support the Council's financial and operational controls. The annual review of governance arrangements informs the Governance Statement which is included within the Council's Annual Accounts.

3.2. On 1 April 2016, a governance framework came into effect, Delivering Good Governance in Local Government and the guidance for Scottish Local Authorities was published in December 2016. This framework was established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

3.3. To achieve good governance, the Council should be able to demonstrate that its governance structures comply with the principles contained in the CIPFA/SOLACE framework (referred to as 'the framework' from here on) and should therefore develop and maintain a Local Code of Governance and governance arrangements reflecting these principles. A Local Code of Corporate Governance was developed and approved by the Council on 16 May 2018 and this is reviewed, updated and re-published annually. Compliance with the Code is also reviewed as part of the annual review of governance arrangements.

3.4. On 19 June 2019, the Risk and Audit Scrutiny Committee approved a revised reporting process which is as follows:-

♦ Governance Statement - Significant Governance Areas

These are areas that have a significant impact on the Council's governance arrangements. A position statement giving progress against these areas will be provided with the report on the review of the Local Code of Corporate Governance

at the end of Quarter 2; and at Quarter 4 with the Governance Statement to the Risk and Audit Scrutiny Committee.

- ◆ **Director's Statement of Assurance - Resource Level Areas for Improvement**
These are actions approved by each Director in their Statement of Assurance. Progress will be monitored by Resources and reported through the Resource/Service Planning process at Quarter 2 and Quarter 4.

- 3.5. The purpose of this report is to advise the Committee of the findings from the annual compliance check against the Local Code of Corporate Governance; the outcome of the review of the Code and the updated document; and an update on progress against the significant governance areas highlighted in the 2020/2021 Annual Governance Statement.

4. Findings from the Annual Compliance Check against the Code

- 4.1. The Council annually reviews the effectiveness of its governance arrangements. There are a few key sources of assurance that inform this review; however, the main purpose of the Annual Governance Statement is to explain how the Council has complied with the principles in its Code and provide assurance as to how these are met.
- 4.2. The principles in the Code underpin the process for the annual review of governance arrangements and there is a strong golden thread running through the key documents in this process: The Resource/Corporate Self-Assessments; the Director's Statements of Assurance; and the Governance Statement.
- 4.3. The table at Appendix 1 has been extracted from the 2020/2021 Annual Governance Statement and shows the significant elements of the systems and processes that comprise the Council's governance arrangements and important changes/developments. This section of the statement shows how the Council has complied with its Code.

5. Annual Review of the Code

- 5.1. As part of the evaluation of the annual review of governance arrangements, an annual review of the Code is carried out. The Code is updated with any changes to the approach the Council uses to review its governance arrangements and it is compared with the corporate annual self-assessment and updated as required.
- 5.2. The revised Code is attached at Appendix 2 and has been amended as follows:-
 - ◆ The introduction sets out the purpose and key elements of the code. Updates have been made to sections 4 and 5 to provide additional information on how the Code fits in with the annual review of governance arrangements.
 - ◆ Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the National Framework. Changes here relate to the alignment of the principles contained in the Code with the Council's values.
 - ◆ Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the Council's governance arrangements. This section has been updated with changes identified through the 2020/2021 corporate governance self-assessment.

6. Significant Governance Areas

- 6.1. Progress on the significant governance areas highlighted within the Annual Governance Statement 2020/2021 is attached at Appendix 3.

7. Communication of the Code

- 7.1. The Good Governance Learn on Line course was reviewed in late 2019 and republished in March 2020.
- 7.2. The revised Code is published annually alongside other key governance documents on the [governance information pages](#) on the Council's website.

8. Employee Implications

- 8.1. Officers will continue to attend the Good Governance Group and will commit time to review and monitor governance and assurance arrangements.
- 8.2. The Employee Code of Conduct was updated to reflect the new Local Code of Corporate Governance and issued to managers and employees during March 2019.

9. Financial Implications

- 9.1. There are no financial implications directly associated with this report.

10. Climate Change, Sustainability and Environmental Implications

- 10.1. There are no implications for climate change, sustainability or the environment in terms of the information contained within this report.

11. Other Implications

- 11.1. There are no significant risk issues associated with this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. All Resources, through senior officers, are involved in the progress, monitoring and review of governance good arrangements and the development of the Annual Governance Statement and Improvement Plan.
- 12.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

Paul Manning

Executive Director (Finance and Corporate Resources)

11 January 2022

Link(s) to Council Objectives/Values

- ◆ All Council Objectives and Values

Previous References

- ◆ Report on the "Good Governance Statement 2020/2021 and Q4 Progress" on 22 June 2021

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Geraldine McCann, Head of Administration and Legal Services

Ext: 4516 (Tel: 01698 454516)

Email: geraldine.mccann@southlanarkshire.gov.uk

Local Code of Corporate Governance – 2020/2021 Compliance Summary

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

Links to council's values:

- Accountable, effective, efficient and transparent; Working with and respecting others

How we do this:

- The council's values and objectives provide clear direction to councillors and employees and are embedded in all policies and processes.
- Standards of conduct and integrity were promoted through the national Code of Conduct for Councillors and by the Standards and Procedures Advisory Forum. This is supplemented by role profiles which have a core accountability to maintain the highest standards of conduct.
- The Standards Commission for Scotland issued one decision notice, finding that a councillor had acted in breach of the Councillors Code of Conduct. This was reported to council in compliance with Section 18 Ethical Standards in Public Life, etc. (Scotland) Act 2000.
- The employee Code of Conduct outlines standards of conduct and integrity. All breaches including reported cases of suspected unethical behaviour and non-compliance with the law/policy were investigated through the employee disciplinary process and the recommended actions taken.
- Professional Codes of Conduct ensured that ethical standards were maintained and all breaches were investigated by the governing body.
- To support integrity in decision making, the council has a number of Committee procedural documents including decision making protocols known as the Scheme of Delegation, terms of reference documents, standing orders on procedures and contracts and financial regulations. Extended powers were granted to the Chief Executive under the Scheme of Delegation to allow him to take decisions in consultation with political group leaders on matters which would normally be subject to Committee approval during the period when formal Committee meetings, etc. were suspended in 2020 as a result of public health restrictions.
- To ensure openness and transparency agendas and Committee reports continued to be published to the council website at least five working days ahead of the scheduled meeting dates and minutes of decisions taken by the Chief Executive during this period were publicised on the Council website on the day the meetings were scheduled to take place. Committee meetings resumed remotely via Microsoft Teams in June 2020 and the local democracy reporter was invited to attend remotely. Blended meetings with participation in person and via Microsoft Teams resumed briefly in August 2020 however as a result of the reintroduction of public health restrictions Committee meetings reverted to being held by Microsoft Teams.
- To ensure openness and transparency in decision making processes, all declarations of interest made by councillors at meetings were recorded and made available online.
- There are a range of policies such as the Counter Fraud, Bribery and Corruption Policy Statement and Strategy, Fraud Response Plan, Whistleblowing for Third Parties and Confidential Reporting procedures. These continue to be updated to reflect best practice and support a culture of ethical behaviour amongst employees and councillors.
- Health and Safety compliance during 2019/2020 and 2020/2021 was assessed as being within the top rating band of "good".
- Legal Services maintained an overview of pandemic legislation and regulations and worked with services to ensure compliance.

Principle B: Ensuring openness and comprehensive stakeholder engagement

Links to council's values:

Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others

How we do this:

- To ensure transparency and openness in decision making processes during the Pandemic, agendas, reports and decisions were published on the council's website and printed copies were available for public inspection for all Committee and Forum meetings (except the Standards and Procedures Advisory Forum). From January 2021, arrangements were put in place for subtitled recordings of all meetings to be posted on the council's YouTube channel. From April 2021 all Committee meetings were live streamed to the council's YouTube channel http://bit.ly/SL_Committees. From August 2021 all Forum meetings have been live streamed.
- The [Committee Management Information System](#) allows members of the public to register and be notified when Committee and forum papers are published. The system also facilitates the creation of [online petitions](#) to increase the potential reach of signatories.
- The work of the council and key information from our partners is communicated regularly using a range of communication channels. The [South Lanarkshire View](#) pages on the council website provide a dedicated source of local information and news for communities. A variety of social media channels are used to communicate updates and share information.
- A suite of dedicated pandemic pages providing advice, help and public health information were created and maintained on the council website.
- A 'Let's Talk South Lanarkshire' campaign has been established and was used to engage local people in an initial discussion about their experiences of the pandemic and will continue to be used for ongoing dialogue with communities on both the Council and community planning priorities.
- The council's Community Engagement Team continue their work to increase stakeholder engagement and involvement in decision making processes through the continued development of new Community Planning Partnership Neighbourhood Plans which are aimed at improving outcomes and reducing inequalities.
- The Community Planning Partnership published its first [Community Participation and Engagement Strategy 2020 to 2025](#) which is also available online in [BSL](#) and the council has produced an online course for employees to complement this.
- A partnership Participation and Engagement Group has been established to ensure that there is a consistent and co-ordinated approach to engaging with communities.
- The council carried circa 200 surveys and engagement activities with residents, employees and partners, and through the council's Citizens Panel to inform policy and service delivery. Further information on our surveys is published on the [Council's website](#).
- To ensure inclusivity and help shape service delivery, the Council co-ordinates regular engagement with targeted groups of people such as young people, older people, people with disabilities, unpaid carers, black and ethnic minorities, etc. Groups considered items such as the budget consultation, rent setting and performance reporting.
- The [Participation Requests](#) and [Community Asset Transfer](#) processes support communities to engage with the Council to improve local outcomes.
- The Council's performance [Spotlights](#) set out what the council has achieved and the [18 public performance reports](#) provide a comprehensive overview of service performance. These demonstrate the council's commitment to continuous improvement and achieving Best Value; summarise the progress that the council has made in meeting its objectives and how it is performing locally and nationally.
- The council's Digital Inclusion Strategy 2020 to 2023 sets out the actions that the council will take to assist those people who are unable to get online to access services digitally. The council also leads on a partnership Digital Inclusion Group.

<ul style="list-style-type: none"> • A comprehensive range of information on how the council operates is available on the website. The Freedom of Information Publication Scheme ensures that key information about how the council works is accessible to the public.
Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits
Links to council's values: Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs
How we do this:
<ul style="list-style-type: none"> • The council adapted approaches in response to the Pandemic to ensure processes continued to be effective, efficient and transparent. • The council has a Capital Strategy that has a long-term outlook on future capital investment (up to 2027/2028). This document is underpinned by a suite of Asset Management Plans which are aligned with the council's objectives and focus on creating an efficient, fit-for-purpose and sustainable core estate that delivers best value in terms of investment, running costs and environmental impact. • The Council Plan 2017 to 2022 and Community Plan 2017 to 2027 have clearly defined economic, social and environmental outcomes to be delivered during the period. In light of the Pandemic, priorities for both plans will be reviewed during 2021/2022. • A new Community Wealth Building Strategy setting out the council's ambitions in relation to spending, workforce, land and property, finance and building the generative economy was approved in March 2021. • Annual Resource Plans which deliver the objectives of the Council Plan were reviewed and updated. These plans outline the outcomes and actions to be achieved within the year and reference linkages with other key strategic plans of the council and partnership plans. • The Sustainable Development and Climate Change Strategy 2017 to 2022 which sets out the Council's strategic outcomes in terms of the Council, environment and communities for sustainable development and climate change during the period was developed using the principles of the United Nation's Sustainable Development Goals and to reduce the council's contribution to global warming. The new strategy is in development and will be published in April 2022. • The council's Climate Change and Sustainability Committee oversees the delivery of the Sustainable Development and Climate Change Strategy 2017 to 2022, the council's transition to carbon neutrality and climate resilience. • The council's new Procurement Strategy 2020-2023 which will be complemented by an annual action plan, sets out how value for money, national and local priorities will be delivered. It also demonstrates how the council will deliver the wider social, economic and environmental aims of procurement as required by the sustainable procurement duty. • Sustainability principles are embedded in procurement processes and in recognition of the importance of our suppliers in achieving the council's aim to become more sustainable. • Strategic Environmental Assessments (SEAs) were completed for all relevant council led policies, plans and strategies developed during 2020/2021. • The South Lanarkshire Local Development Plan 2 was adopted by the council on 9 April 2021. The spatial strategy of the plan is to encourage sustainable economic growth and regeneration, a move towards a low carbon economy, protect the natural and historic environment and mitigate against the impacts of climate change. • A summary of the findings resulting from Equality Impact Assessments of the council's key decisions on service users, communities and businesses have been published on the council's website. • Strategic decisions of the council have been subject to a Fairer Scotland Impact Assessment which considers how inequalities of outcome can be reduced.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving;
Focused on people and their needs; Working with and respecting others

How we do this:

- Key services were adapted and delivery was maintained throughout the Pandemic in line with Public Health guidance and Government guidance and legislation.
- There is a standard approach to identifying savings across the council. The council's efficiency programme is overseen by the Senior Management Team. Frameworks are in place for holding discussions with key stakeholders. Savings achievements are monitored monthly and reported to the Senior Management Team quarterly.
- The Financial Strategy which is aligned with the council's objectives was updated during the year to reflect the latest internal and external influences. This plan sets out the assumptions in terms of commitments, grant funding and efficiency requirement and demonstrates sound financial management and the ability to address projected funding gaps.
- The annual budget setting consultations took place with members of the public, councillors, trade unions and employees to inform savings proposals. There were over 2,000 responses to the online consultation, more than 4 times the previous year's response rate. The annual budget is open to scrutiny and amendment by councillors until the approval of the final budget.
- The council's Performance Management Framework has ensured that progress against intended outcomes has been regularly reported to Management Teams; Committees; and the Performance and Review Scrutiny Forum. Decisions and actions to address performance issues have been taken and monitored to ensure that they have been effective.
- The council has complied with its statutory and regulatory reporting requirements during the year.
- The Public Bodies (Joint Working Act) sets out those Adult Care Services that are delegated to the Integration Joint Board (IJB) as set out in the South Lanarkshire Integration Scheme. These services continue to be operationally delivered by the council in line with the strategic direction set out in the Strategic Commissioning Plan and annual IJB Directions.
- The council considers the specification and achievement of community benefits, which focus on the health, economic, social and environmental wellbeing of the South Lanarkshire area, when awarding contracts.
- To improve efficiency and effectiveness, the council is the lead authority for a range of collaborative projects and services delivered through the Clyde Valley Learning and Development Group.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving;
Excellent employer; Focused on people and their needs; Working with and respecting others

How we do this:

- A Leadership Challenge Programme which is linked to succession planning has been developed and rolled out during 2021.
- Learning and Development programmes were revised and employees at all levels can now access optional accredited management qualifications.
- Training requirements were identified and online learning and development opportunities including webinars and e-briefings were developed and offered to all councillors.
- Two surveys of all council employees working from home were undertaken during 2020. On both occasions, 87% of those who responded said that they felt working from home was a positive experience. Feedback from these surveys will be used to inform future agile working arrangements.
- A range of policies and activities are in place to support the Health and Wellbeing of employees including physical and mental health and these have been regularly communicated. Online wellbeing events were held in response to the new ways of working.
- The council recognises that skilled and motivated employees are a key asset. All employees have an annual performance appraisal which links to the council values and a Personal Development Plan. The council offers a range of training interventions to support employee development.
- The council has a comprehensive and coordinated approach to workforce planning which also supports succession planning. Each Resource reviews their workforce plan and related action plan to better understand workforce capacity issues, further challenges and opportunities to ensure that resources are in the right place, at the right time and people have the right skills. The council-wide Workforce plan 2020/2023 has been revised to consider the workforce requirements as a result of the pandemic response.
- Senior Managers have overseen the annual scrutiny of the council's assets through the review of a suite of Asset Management Plans. Service Asset Management Plans have been developed in line with CIPFA guidance and these feed into the Corporate Asset Management Plan which outlines priorities and provides an overview of how the council has performed in this area.
- The council's Scheme of Delegation, Financial Regulations, Standing Orders on Contracts and Terms of Reference ensured that Committees, officers and statutory officers were clear on the decisions that could be made within their area of authority. This is supplemented by councillor's role profiles which outline the key purpose, specific and core accountabilities for each role.
- The council continues to work with a range of public sector, business and academic partners to improve outcomes for those living and working in South Lanarkshire. Strategic Partnerships include the Community Planning Partnership and the Glasgow City Region City Deal.
- In terms of the 2019/2020 Local Government Benchmarking Framework results, based on the information available at the end of January 2021, the council is performing better than the Scottish average levels for under half of the indicators. The results were analysed and an action plan developed which will be monitored by the Senior Management Team.
- The council takes a risk-based approach to self-assessment which is used to review and redesign services with a focus on fundamental change. Progress and the impact of improvement activity was reported to the Senior Management Team and the Performance and Review Scrutiny Forum.
- The council has a robust complaints process which is underpinned by national complaints handling standards. Complaints performance was regularly reported to Senior Management

and Committee and [learning from complaints](#) which is integral to this process is also published on the council's website. Complaint handling procedures have been updated in line with national changes and communicated to all employees.

Principle F: Managing risks and performance through robust internal control and strong public financial management

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

How we do this:

- The council, in partnership with Trade Unions, ensured that safe systems of work were in place through a robust risk assessment process, changes to working methods and supply of personal protective equipment.
- The council has put in place comprehensive arrangements for identifying, evaluating and controlling significant risks which threaten the council's ability to meet its objectives to deliver services to the public. There is also a robust process in place for compliance monitoring of the council's Risk Management Strategy, Resource Risk Registers and Control Plans.
- The annual end of year compliance statement evidenced that all Resources were compliant with Risk Management Strategic requirements.
- The council's risk scoring matrix was revised as an outcome of the 2020/2021 annual review of risks.
- The council's Internal Audit Service which complies with Public Sector Internal Audit Standards completed a revised annual programme of risk based audits with an objective of providing an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements. Where improvements were required, action plans were developed and monitored and where necessary follow-up audit work completed.
- In response to changes in working practices and the introduction of new systems, for example to process pandemic grants, Internal Audit has advised on key internal controls that should be maintained through the identification of alternative controls and has been involved in the development of new systems.
- Whilst the Information Governance Board did not meet from March to December 2020, assurances have been received from Executive Directors that they have followed the Information Governance operational arrangements in order to promote effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. Information Governance Board meetings resumed in 2021.
- Information security incidents have continued to be monitored and considered for notification to the Information Commissioner's Office. Throughout the period, the council's Data Protection Officer provided advice and assistance to Resources in relation to meeting their obligations under UK General Data Protection Regulations (GDPR).
- The system of internal financial control is based upon the Financial Regulations which set out the rules to ensure robust internal control over the council's finances. Control is maintained through regular management information, management supervision and a structure of delegation and accountability.
- The cost of the pandemic on the council's budgets has been closely monitored and regular reports have been presented to the Senior Management Team and Committee.
- External Audit of the council's accounts is robust and a "clean audit certificate" was issued for 2020/2021.
- Through a well established Performance Management Framework, the council has clearly defined processes in place for the identification, monitoring and reporting of its objectives to ensure continued effectiveness and the achievement of Best Value. Progress is monitored and reported regularly to both managers and councillors. This includes areas of under-performance and the related improvement actions.
- Trustees of the South Lanarkshire Charitable and Educational Trusts received independent legal training setting out their duties and responsibilities in ensuring that the trusts operate in a manner designed to benefit communities.

- The Executive Director of Finance and Corporate Resources is a member of the council's Senior Management Team and as such, is integral in all major decisions taken by the council, and in material matters which are submitted to councillors for decision. This involvement fulfils the expectation of CIPFA in terms of the role of the Chief Financial Officer.
- The council has completed a self-assessment using the principles of the CIPFA Financial Management Code and an action plan has been developed to ensure full compliance by March 2022.

Principle G: Fair, Open and Sustainable; Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others

How we do this:

- The Good Governance Group has completed the annual review of governance arrangements at resource level and in line with the CIPFA/SOLACE Delivering Good Governance Framework. Governance improvement actions have also been identified and are included in Resource/Service Action Plans. Progress against actions including those highlighted as significant governance areas for action will be reported to the Senior Management Team and Committee.
- In the 2019/2020 annual audit report, the external auditor commended the council's annual governance statement as good practice for the second year.
- All Directors completed their annual Statement of Assurance and where relevant assurances have been provided.
- The council prepares and publishes an Annual Governance Statement which is aligned with national guidance and reflects on the adequacy and effectiveness of the council's governance arrangements. This is independently considered by External Audit and published with the Annual Accounts and separately on a dedicated [governance web page](#).
- The annual review of governance arrangements for the Council's at Arm's Length External Organisation (ALEO) and key external service providers has not highlighted any compliance issues.
- The annual review of the Local Code of Corporate Governance was completed and the revised Code was approved by Committee and re-published on the council's website.
- Whilst temporary decision making arrangements were put into place as a result of the pandemic restrictions on people gathering, all agendas, reports and decisions continued to be published (except those exempt under the Local Government (Scotland) Act 1973) on the council's website. Arrangements were put in place for subtitled recordings of Committee meetings which can be found on the council's YouTube page. All Committee and Forum meetings are livestreamed to the council's YouTube page http://bit.ly/SL_Committees.
- The Risk and Audit Scrutiny Committee considered the adequacy and effectiveness of the council's governance arrangements and internal control environment and approved the Annual Governance Statement and Accounts.
- Internal audit activity has continued to be reported to the Senior Management Team and to the Risk and Audit Scrutiny Committee.
- Internal Audit changed how their findings are presented to the Risk and Audit Scrutiny Committee to improve scrutiny.
- Outcomes from external audit and inspection activity was reported to the appropriate Committee and action plans were developed for implementation where required.

Local Code of Corporate Governance

Introduction

1. What is Corporate Governance?

South Lanarkshire Council has set the framework for strong Corporate Governance by having a clear vision which states that the council will:-

“Improve the quality of life of everyone in South Lanarkshire”

The function of good governance in the public sector is to ensure that organisations achieve their intended outcomes while acting in the public interest at all times. This means doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable manner.

2. Purpose

This document sets out South Lanarkshire Council's Local Code of Corporate Governance which has been produced in accordance with the principles and requirements contained within the framework established by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in the publication, Delivering Good Governance in Local Government Framework (2016 Edition) (referred to as “The Framework” from here on). It comprises of a framework of policies, procedures, behaviours and values by which the council is controlled and governed. It shows how the council will continue to review the governance arrangements that are currently in place and implement improvements where necessary.

The Code is split into two sections:-

- Section 1 outlines the actions and behaviours that demonstrate good governance as set out in the framework; and
- Section 2 provides links to the policies, procedures and other documentary evidence that demonstrate the council's governance arrangements.

These provide the structures and guidance that our councillors and employees need to ensure effective governance across the council.

3. Good Governance in the Public Sector (The Framework)

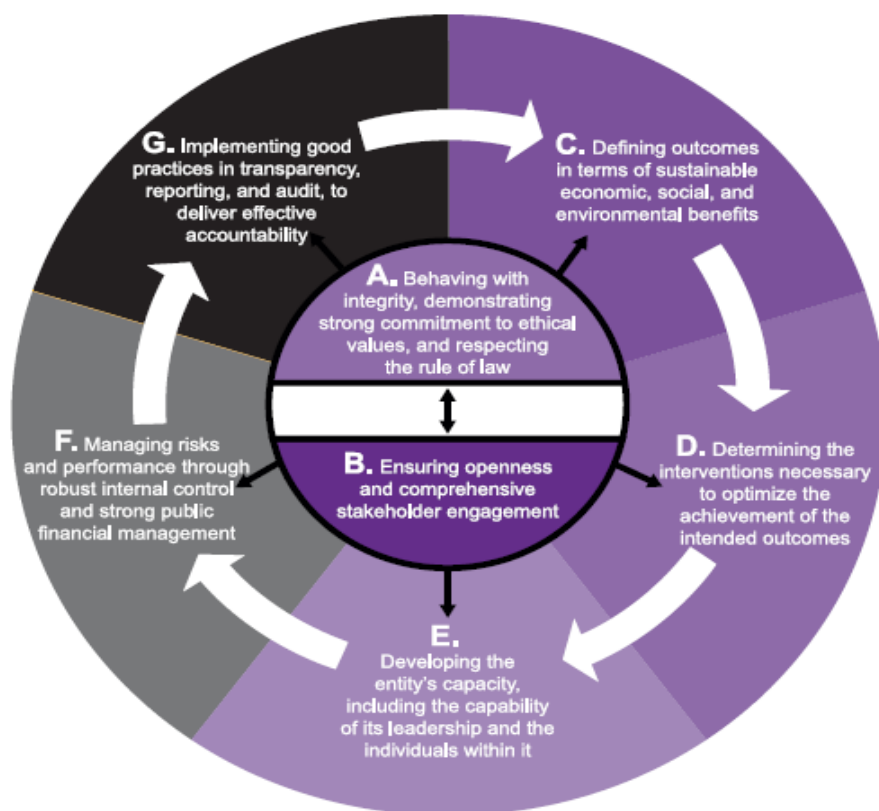
The Framework defines the principles that should underpin the governance of each council and provides a structure to help councils with their approach to governance. Whatever arrangements are in place, councils should test their governance structures and partnerships against the principles contained in the Framework by:-

- reviewing existing governance arrangements;
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness; and
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each council should be able to demonstrate that its governance structures comply with the principles contained in this Framework. It should therefore develop

and maintain a local code of governance/governance arrangements reflecting the principles set out.

The diagram below illustrates the seven principles of good governance in the public sector and how they relate to each other:-



Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Section 1.

4. Monitoring and Review

The council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date. For more information on how we do this see the council's Annual Governance Statement which can be found on the [governance information page](#) on the council's website.

5. Compliance with the Code

Compliance with the code will be assessed annually using the councils "Governance Assurance Framework". This will be carried out by a governance working group which is chaired by the council's monitoring officer and comprises of senior officers from each of the council's five departments. The Internal Auditor also attends these meetings. The results of the assessment will be reported to the Risk and Audit Scrutiny Committee. This will incorporate recommendations for additions and/or improvements to the code to reflect any changes in the way in which the council does business or new legislation affecting the council's governance arrangements.

Each year the council will publish an Annual Governance Statement. The Leader of the Council and the Chief Executive are required to produce this as part of the auditing of the council's annual accounts. The document sets out the following:-

- the scope of the council's responsibility;
- the purpose of the council and its governance framework;
- how the council monitors and evaluates the effectiveness of its governance arrangements;
- key elements of the council's governance framework. This is the main part of the document which sets out how the council has complied with the principles in this code and provides assurance as to how they are met;
- provides an opinion on the effectiveness of the council's arrangements; and
- provides details of improvements that have been delivered and are required moving forward.

In addition, the council's Internal Audit team will also conduct an annual independent audit reviewing the adequacy, effectiveness and extent of compliance with the code.

6. Certification

The council is committed to the seven principles of good corporate governance detailed within the Framework and demonstrates this commitment through the development, adoption and implementation of a Local Code of Corporate Governance.

We hereby certify our commitment to this Code of Corporate Governance and will make sure that the council continues to review, evaluate and develop the council's governance arrangements to ensure continuous improvement of the council's systems.

John Ross
Leader of the Council

Signature:

Date: 26 January 2022

Cleland Sneddon
Chief Executive

Signature:

Date: 26 January 2022

Section 1

Actions and behaviours that demonstrate good governance in practice

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

What this means in practice:- The council are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Links to council's values:

Accountable, effective, efficient and transparent; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
A1: Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the council.
	Ensuring members take the lead in establishing specific standard operating principles or values for the council and its employees and that they are communicated and understood. These should build on the Seven Principles of Public Life (The Nolan Principles).
	Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
A2: Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the council's ethical standards and performance.
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the council's culture and operation.
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
	Ensuring that external providers of services on behalf of the council are required to act with integrity and in compliance with ethical standards expected by the council.
A3: Respecting the rule of law	Ensuring members and employees demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.
	Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
	Dealing with breaches of legal and regulatory provisions effectively.
	Ensuring corruption and misuse of power are dealt with effectively.

Principle B: Ensuring openness and comprehensive stakeholder engagement

What this means in practice:- The council is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Links to council's values:

Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs; Working with and respecting others

Sub principles:

South Lanarkshire Council is committed to:-

B1: Openness

Ensuring an open culture through demonstrating, documenting and communicating the council's commitment to openness.

Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.

Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.

Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.

B2: Engaging comprehensively with institutional stakeholders

Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.

Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.

Ensuring that partnerships are based on: trust; a shared commitment to change; a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.

B3: Engaging with individual citizens and service users effectively

Establishing a clear policy on the types of issues that the council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.

Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.

Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.

Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.

Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.

Taking account of the impact of decisions on future generations of tax payers and service users.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

What this means in practice:- The long-term nature and impact of many of the council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the council's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Links to council's values:

Accountable, effective, efficient and transparent; Fair, open and sustainable; Focused on people and their needs

Sub principles:

South Lanarkshire Council is committed to:-

C1: Defining Outcomes

Having a clear vision which is an agreed formal statement of the council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the council's overall strategy, planning and other decisions.

Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.

Delivering defined outcomes on a sustainable basis within the resources that will be available.

Identifying and managing risks to the achievement of outcomes.

Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.

C2: Sustainable economic, social and environmental benefits

Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.

Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the council's intended outcomes and short-term factors such as the political cycle or financial constraints.

Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.

Ensuring fair access to services.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

What this means in practice:- The council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the council has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Focused on people and their needs; Working with and respecting others

Sub principles:

South Lanarkshire Council is committed to:-

D1: Determining interventions

Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.

Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

D2: Planning interventions

Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.

Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.

Considering and monitoring risks facing each partner when working collaboratively, including shared risks.

Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.

Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.

Ensuring capacity exists to generate the information required to review service quality regularly.

Preparing budgets in accordance with objectives, strategies and the medium term financial plan.

Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.

D3: Optimising achievement of intended outcomes

Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.

Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.

Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.

Ensuring the achievement of 'social value' through service planning and commissioning.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

What this means in practice:- The council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. The council must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others

Sub principles:

South Lanarkshire Council is committed to:-

E1: Developing the entity's capacity

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.
- Recognising the benefits of partnerships and collaborative working where added value can be achieved.
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.

E2: Developing the capability of the entity's leadership and other individuals

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
- Developing the capabilities of members and senior management to achieve effective leadership and to enable the council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
 - Ensuring members and employees have access to appropriate induction tailored to their role and that ongoing training and development matching individual and council requirements is available and encouraged;
 - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis; and
 - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it (continued)	
Links to council's values: Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Excellent employer; Focused on people and their needs; Working with and respecting others	
Sub principles:	South Lanarkshire Council is committed to:-
E2: Developing the capability of the entity's leadership and other individuals (continued)	Ensuring that there are structures in place to encourage public participation.
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
	Holding staff to account through regular performance reviews which take account of training or development needs.
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Principle F: Managing risks and performance through robust internal control and strong public financial management

What this means in practice:- The council needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

Sub principles:	South Lanarkshire is committed to:-
F1: Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
	Ensuring that responsibilities for managing individual risks are clearly allocated.
F2: Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review.
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the council's financial, social and environmental position and outlook.
	Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the council's performance and that of any organisation for which it is responsible. (Or, for a Committee system - Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making).
	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.
	Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (e.g. financial statements).
F3: Robust internal control	Aligning the risk management strategy and policies on internal control with achieving objectives.
	Evaluating and monitoring risk management and internal control on a regular basis.
	Ensuring effective counter fraud and anti-corruption arrangements are in place.
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.

Principle F: Managing risks and performance through robust internal control and strong public financial management (continued)

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving

Sub principles:

South Lanarkshire is committed to:-

F3: Robust internal control (continued)

Ensuring an audit Committee or equivalent group/function, which is independent of the executive and accountable to the governing body;

- provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and
- that its recommendations are listened to and acted upon.

F4: Managing data

Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.

Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.

Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.

F5: Strong public financial management

Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.

Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

What this means in practice:- Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Links to council's values:

Accountable, effective, efficient and transparent; Ambitious, self-aware and improving; Working with and respecting others

Sub principles:	South Lanarkshire Council is committed to:-
G1: Implementing good practice in transparency	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.
	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
G2: Implementing good practices in reporting	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.
	Ensuring members and senior management own the results reported.
	Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).
	Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.
G3: Assurance and effective accountability	Ensuring that recommendations for corrective action made by external audit are acted upon.
	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.
	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

Section 2
Policies, Procedures and other documentary evidence

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Annual Accounts							●
Annual Performance Spotlights		●	●				●
Annual Resource budget strategy meeting				●			
Fraud management plan and procedures	●					●	
Asset Management					●		
Audit Scotland monitoring and reporting process					●		●
Behaviours Framework/Performance Appraisal	●				●		
Budget Consultations and Savings Plans		●	●	●			
Business Continuity Plans/Recovery Plans				●		●	
CEO/Political leaders meetings					●		
Codes of Conduct (Link to Councillors Code)	●				●		
Committee Management Procedural Documents	●	●					
Communication plans and strategies		●		●			
Community Engagement and Participation Strategy Community Engagement Partnership Group Community Engagement Team Participation Requests Community Asset Transfer		●			●		
Community Planning Partnership Plans Community Plan Annual Report		●	●	●	●		●
Complaints Handling ; You said, we did	●	●		●	●		
Consultation Database		●		●			
Corporate Management Team , Committees and Forums	●	●	●	●	●	●	●
Council Plan – Connect	●	●	●	●	●		
Digital Communications	●	●		●			●
Empower Self-Assessment process					●		
Equality Impact Assessments/Equal Opportunities Policy	●	●	●	●	●		
Financial Management			●	●		●	●
Financial Regulations	●				●	●	

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Freedom of Information Act Publication Scheme (How the council works)		●					
Governance Arrangements Register of Partnerships		●			●		●
Induction process/programme	●				●		
Information Governance Data Protection Privacy Impact Assessment	●	●				●	
Internal Audit Plan	●			●		●	●
Investors in People Award	●				●		
Learning and Development Programmes	●				●		●
Local Code of Corporate Governance	●						●
Local Government Benchmarking Framework				●	●	●	●
Media and Public Relations		●					
Members Role profiles					●		
Monitoring Officer provisions	●						
Multi-member ward protocol					●		
Neighbourhood Planning		●	●	●	●		
Officer job description/specifications	●						
Participatory Budgeting			●				
Partnerships: Glasgow Region City Deal / Clyde Valley		●			●		●
People's Panel		●		●	●		
Performance Management				●	●	●	
Personnel strategies, policies and procedures	●				●		
Procurement	●		●	●		●	
Public Performance Reports		●			●		●
Records Management Policy						●	
Register of gifts and hospitality/Register of Interests	●						
Resource Contingency Plans						●	
Resource Plans / Health and Social Care Strategic Commissioning Plan			●	●		●	

Evidence that the council complies with the requirements of the framework (see Section 1) (Link provided where available)	Core Principles						
	A	B	C	D	E	F	G
Risk and Audit Scrutiny Committee						●	
Risk Management			●	●		●	●
Scheme of Delegation	●				●		
Scrutiny Forums	●					●	
Service Review Framework				●	●		
Standards and Procedures Advisory Forum	●				●		
Standing Orders on Procedures / Standing Orders on Contracts	●			●	●	●	
Statutory guidance	●						
Strategic Environmental Assessments			●				
Strategies and Policies	●		●				
Terms of Reference , the council, Committees and associated forums	●				●	●	
Whistle blowing policies (link to Third Parties)	●					●	
Workforce planning					●		

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
1	<p>COVID-19 Pandemic</p> <p>The Council will continue to respond to matters arising from the COVID-19 Pandemic</p>	<p>The Council will continue to monitor national guidance; maintain ongoing resilience arrangements; and implement further measures as and when required in response to the Pandemic.</p> <p>Corporate and Resource risk registers will continue to be monitored and updated to reflect national and local developments.</p>	<p>The Council continues to monitor and implement national guidance. Appropriate Resource measures put in place to reduce risks. Resilience arrangements in place. Schools and educational establishments continue to adapt to the specific Scottish Government guidance on reducing risks from COVID-19 in schools.</p> <p>Annual review of Corporate Risk Register and Risk Control Plan completed in August 2021.</p> <p>Resource risk registers continue to</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			be monitored and updated
2	COVID-19 Pandemic recovery Recovery actions	As conditions improve, the Council will deliver the right services in the right way, for the benefit of our residents and communities.	Continuing development and implementation of Resource Recovery Framework Routinely monitored through Resource and Service Management Teams
3	IT Infrastructure Migration of computer systems to an external provider	<ul style="list-style-type: none"> • Conduct procurement to identify and award contract for external hosting services. • Complete planning for migration of all computer systems from Caird Data Centre. • Complete preparatory work to set up new network hubs. • Commence move of IT systems to new provider. 	<ul style="list-style-type: none"> • Procurement completed and contract awarded • Planning and preparatory work completed • Project on target to complete by December 2021
4	Cyber Resilience Compliance with legislative and regulatory policy	<ul style="list-style-type: none"> • Maintaining Public Sector Network (PSN) accreditation and instilling an ethos of ongoing compliance. • Continued compliance and accreditation to Cyber Essentials Plus. 	On track to achieve PSN and Cyber Essentials Plus accreditation

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
		<ul style="list-style-type: none"> • Moving forward working towards the guidelines outlined within the Scottish Public Sector Cyber Resilience Framework. • Continued awareness training for all SLC staff around the area of Cyber Resilience. 	
5	Participatory Budgeting 1% of the Council's budget to be subject to Participatory Budgeting	<p>All Scottish councils are required to commit 1% of their budget to Participatory Budgeting (with the "Council budget" being defined as the council's Total Estimated Expenditure (TEE) less Assumed Council Tax Income both taken from the Government's Finance Settlement).</p> <p>Councillor's awareness sessions have been conducted and a webinar made available for councillors. The Executive Committee has agreed the first wave of services to be considered under Participatory Budgeting.</p>	<p>Participatory budgeting now features in school improvement plans which is helping to engage more widely parents and carers</p> <p>Progress is being made around the areas agreed at executive committee with updates provided at Area Committees</p> <p>Progress reports presented to East Kilbride and Rutherglen and Cambuslang Area Committees in November detailing HTR progress with PB</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			Update reports to remaining Area Committees – Clydesdale and Hamilton – will be delivered in Q4
6	Financial Challenges Reduction in Council funding, resulting in difficulties maintaining front line services	<p>The Council faces a challenging situation in the medium to long-term because of reduced funding in real terms, rising costs and an increase in demand.</p> <p>The Council has developed a long-term strategy which identifies budget pressures, future risks and uncertainties, and projects budget gaps to 2028/2029.</p> <p>The Budget Strategy for 2022/2023 will be updated and presented to councillors during autumn 2021.</p>	<p>Following the receipt of the financial settlement in December, the proposed budget for 2022/2023 will be presented to Members for approval in February</p> <p>Additional funding provided by Scottish Government to support households who have been financially affected by COVID-19</p>
7	Integrated Joint Board – Health and Social Care The need for the Council to deliver the objectives set out in	<p>The current strategic direction set out and approved by the IJB is detailed within the Strategic Commissioning Plan. The Council and NHS Board are required to</p>	<p>Led by HSCP, the Review and development of new Strategic</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
	the Integrated Joint Board (IJB) Strategic Commissioning Plan 2019-22	<p>deploy their resources in line with this strategic direction.</p> <p>The IJB issues Directions that set out the key actions to be delivered by the Council during the year 2021/2022 and these Directions were agreed by the IJB at it special budget meeting in March 2021.</p> <p>The Council will provide progress updates against Directions for which it is the lead organisation.</p>	<p>Commissioning Plan 2022 to 2025 taking place during 2021/2022 and HTR will contribute.</p> <p>HTR lead on 2 directions for housing and homelessness.</p>
8	<p>Integrated Joint Board – Health and Social Care</p> <p>The need for the Council to deliver improvements within Care at Home to meet regulatory requirements</p>	<p>Following inspection activity in the latter half of 2019, the Care Inspectorate identified concerns in the delivery of Care at Home services in both the Hamilton and Rutherglen/Cambuslang services.</p> <p>Individual Improvement Action Plans have been developed and progressed for Rutherglen and Hamilton Services. An overarching improvement plan has been developed and progress updates are overseen by the Care at Home Transformation Board. Regular updates on progress are provided to the Health and Social Care Partnership Senior Management Team; the Council's Senior Management Team; the Social Work Committee; and the Integrated Joint Board.</p>	<p>The Care Inspectorate concerns highlighted in the 2 areas continue to be addressed by the service through management changes in the service a service moratorium for new referrals as well as progressing the service redesign of the service. Regular updates are provided to the care Inspectorate and a follow up inspection of the 2 services will take place. Moratorium</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			completed on 31 August for Rutherglen area and 16 November for Hamilton area.
9	<p>National expansion in early years education and childcare provision</p> <p>The COVID-19 Pandemic and the various announcements by the Scottish Government for schools and educational settings has impacted on the delivery of 1140 hours early learning and childcare with a change to the target date now being August 2021</p>	<p>In line with the Education Recovery Plan, a restart of the significant investment made through the capital programme to expand the delivery of 1140 hours has taken place. The support of Council services has been instrumental in re-starting the building programme.</p> <p>Woodhill Early Learning and Childcare in Kirkmuirhill opened its doors to children and staff in September 2020. The nursery offers 63 places and is an important milestone in the expansion of early years' capacity (Target South Lanarkshire Council wide: 1658 places). Admissions were reviewed and places reallocated. All families (approximately 7300 children as at April 2021) have been allocated the statutory minimum of 600 hours, however, it has been possible to provide 1140 hours places to almost 6,000 (83%) eligible families. As the capital programme progresses, further 1140 hours places will increase.</p> <p>Approximately 2,200 families are accessing places through our contracted funded providers, all at 1140 hours.</p>	<p>In line with the Education Recovery Plan, a restart of the significant investment made through the capital programme to expand the delivery of 1140 hours has taken place. The support of Council services has been instrumental in re-starting the building programme which was delivered and operational by June 2021 with the exception of Clyde Terrace ELC in Bothwell. Work progresses with this development, however, temporary</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
		Regular monitoring and review will be undertaken and progress reports made to the Council.	<p>facilities were established to ensure all children and families accessed their 1140 hour entitlement by August 2021.</p> <p>Approximately 7800 families are currently accessing 1140 hour places with 2500 children accessing places through our contracted funded providers.</p> <p>Woodhill Early Learning and Childcare in Kirkmuirhill, opened its doors in September 2020. The nursery is registered for 63 full time places for children aged 2 to 5 years, created a range of new employment opportunities and was an important milestone</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			<p>in the expansion of early years' capacity (Target South Lanarkshire Council wide: 1658 places within the ELC 1140 hours Expansion Plan November 2017). Admissions allocations meetings took place during March and April 2021 and all eligible children aged 2 to 5 years were allocated 1140 hour places commencing August 2021.</p> <p>The capital programme was completed by June 2021 with the exception of Clyde Terrace ELC.</p>
10	Review of Community Planning	During 2019, the Community Planning Partnership Board undertook a self-assessment of the current Community Planning arrangements. Improvement actions were later supplemented by the	The focus of the Council's Community Engagement and Partnership officers is

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
	Provide support to the review of Community Planning arrangements	<p>recommendations from the Council's Best Value Assurance Review and a group has been set up to take these forward.</p> <p>The review focuses on several key areas including structures, governance and accountability arrangements. The Council will provide resources to support the implementation of the agreed actions.</p> <p>The proposal was approved by the Community Planning Partnership Board at their meeting in September 2020. This highlighted a two phase approach to implementation, with interim actions to be delivered during the 2021/2022 year leading to final improvements, particularly around structures, during 2022/2023 in order to ensure that the partnership is fit for purpose to deliver the outcomes within the new Community Plan, which will be created using a co-production model during 2021/2022.</p>	<p>currently on working with communities and partners to co-produce the new Community Plan. The first phase of engagement with communities and partners is complete and priorities are being developed for phase two of the engagement which will also include communities and partners. The new Outcome Leads Officers are in place and they are considering the new Community Plan and the Community Planning Structures.</p> <p>Housing and homelessness actions to be progressed throughout the year.</p> <p>Review of Community</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			Plan underway with input from HTR
11	Community Wealth Building Deliver the Community Wealth Building Strategy	<p>The Community Wealth Building Strategy which was approved in March 2021 will bring fundamental changes to how the Council delivers its services and works with its partners and communities. Work has started to develop an action plan and performance monitoring and reporting arrangements. A robust assessment of risks will be undertaken and a risk register will be developed.</p> <p>Other key actions for delivery during 2021/2022 include the establishment of a Community Wealth Building Commission and engaging with Community Planning partners on the Community Wealth Building Principles.</p>	<p>Development of the strategy completed during 2021/2022. Actions to be progressed throughout the year. Contribute to annual review of report, including housing actions/measures.</p> <p>Annual review to be led by FCR with input from HTR.</p>
12	Sustainable Development and Climate Change	<p>The Council acknowledges the serious and immediate threat of climate change and is committed to accelerating the pace of action in response to the climate emergency and in Scotland's transition to a net-zero and climate resilient society and economy. During 2021/2022, a review of the council's Sustainable Development and Climate Change Strategy (2017 to 2022) will be carried out and concluded; and a new Strategy for 2022 to 2027 will be developed.</p>	<p>Led by CER, with input from HTR a review and development of revised Strategy underway and scheduled to be completed during 2022/2023.</p> <p>Actions to be progressed throughout the year. Contribute to</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			<p>annual review, including housing actions/measures.</p> <p>Development of the strategy is progressing. Public engagement is complete and has shaped the vision, themes and priorities. Work on the Strategic Environmental Assessment is underway and once complete will go out for public consultation in January for 6 weeks, along with the consultation draft of the strategy. The final strategy will be presented for approval to Full Council alongside the Council Plan and Community Plan in May-June 2022. In the</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			meantime, work is progressing with Services in order to populate the first year's action plan which will begin in April 2022.
13	Economic Recovery and Renewal	<p>Economic recovery from the Pandemic will incorporate the principles of Community Wealth Building and during 2021/2022 an Economic, 'Response, Recovery and Renewal' Strategy framed around the themes of: People; Place; and Business will be developed.</p> <p>The Council will also lead on local economic recovery for South Lanarkshire businesses through promotion of local economic support networks and contribution to the pan-Lanarkshire Economic Forum.</p>	<p>Given ongoing effects of pandemic and imminent expiry of economic strategy, Promote 2013 to 2023, it has been agreed to review the recovery work to date and prepare a new and ambitious Economic Strategy for South Lanarkshire 2022 to 2027 as part of a more comprehensive update of Council and Community Partnership plans to be approved by the new administration</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
			<p>following the election in spring 2022.</p> <p>The Council continues to contribute and provide support to the Local Economic Forum (LEF). Key actions to date include: socio-economic analysis of the pan-Lanarkshire area, establishment of sub-groups focused around the People, Place and Business themes, and; a review of existing strategies</p>
14	Implement the outcomes following the Cross Party Working Group review of South Lanarkshire Leisure and Culture (SLLC)	<p>The review of leisure and culture provision concluded on 19 May 2021. Outcomes to be implemented over the course of the year include changes to:-</p> <ul style="list-style-type: none"> • governance arrangements (a new constitution will be developed, reflecting a modernised governance model. This will also involve a review of various Service Level Agreements that exist for the provision of shared services with the aim of strengthening the SLC/SLLC partnership); 	<p>The outcomes from the SLLC Cross Party Working Group were endorsed by the Executive Committee and agreed at Full Council on 23 June 2021, and subsequently agreed</p>

Annual Governance Statement 2020/2021-Significant Governance Areas
Quarter 2 Update- April 2021 to September 2021

No.	Areas identified in 2020/2021	Actions	Quarter 2 Progress
		<ul style="list-style-type: none"> pricing arrangements (SLLC will now have latitude to adjust commercial pricing without prior approval by the Council); and Further engagement with community groups on community asset transfer of SLLC assets. 	<p>by the SLLC Board in August 2021.</p> <p>New governance arrangements and a revised pricing policy is now being developed in line with the agreed recommendations.</p> <p>The Council and SLLC continue to engage with community groups that have expressed interest in the community asset transfer of SLLC assets, with Low Waters Hall, Glassford Hall, a former school in Biggar, and vacant and open space in Hamilton and Blantyre approved for transfer to community groups since April 2021.</p>

Report

4

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	26 January 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	2022/2023 Internal Audit Plan
----------	--------------------------------------

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ seek approval for the proposed interim Internal Audit Plan for 2022/2023

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the proposed interim Internal Audit Plan for 2022/2023 be approved; and
- (2) that it be noted that this Audit Plan is formally reviewed in June 2022 and re-presented to the Committee setting out the proposed programme of audits within Council Resources (currently 326 days within the interim Audit Plan).

3. Background

3.1. Public Sector Internal Auditing Standards (PSIAS) require a specific risk-based approach to be taken when preparing audit plans. All requirements have been followed in preparation of the 2022/2023 interim Internal Audit Plan and will be fully demonstrated when the Plan is reviewed and updated in June 2022.

3.2. The Annual Plan is usually presented to the Risk and Audit Scrutiny Committee (RASC) around March of each year but has been brought forward for 2022/2023 to allow the Plan to be presented to the last meeting of this Committee ahead of local government elections in May 2022. To reflect the significantly earlier presentation of the Plan this year, and to allow time to fully assess resources available in 2022/2023, and the extent of the function's role within the Oracle Fusion project, areas of the Plan that detail audit work within Resources will not be fully scoped until the first quarter of 2022/2023. The Plan will then be refreshed and re-presented to the first meeting of the new Risk and Audit Scrutiny Committee in June 2022.

3.3. The content of the Audit Plan is determined by the requirement to deliver a programme of work that informs the annual audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control arrangements. The interim Audit Plan supports this objective with an initial focus on:-

- ◆ committing resources to support corporate activity
- ◆ prioritising assignments to ensure key areas of work are completed in year

- 3.4. Presenting the Audit Plan in this way in 2022/2023 will ensure that the Plan is current, relevant and deliverable.

4. Internal Audit Plan 2022/2023

- 4.1. The audits will be conducted in accordance with the revised PSIAS and within the context of the Internal Audit Charter, which is attached at Appendix 1.
- 4.2. A copy of the proposed interim Internal Audit Plan for 2022/2023 is attached at Appendix 2. Where relevant, this shows the name of the proposed assignment, the lead Resource and a brief outline scope for each proposed assignment. Objectives and scopes will be refined by auditors prior to the commencement of work and once a full risk analysis has been completed and key controls identified. Clients will be involved in this initial risk and control assessment and will be consulted prior to the preparation of the audit remit for each assignment.
- 4.3. The suggested interim Plan provides time to deliver a range of assignments that aligns to corporate objectives as well as seeking to provide assurance around the general control environment of the Council.
- 4.4. The Council's top risks were last assessed in 2021/2022 and, as in recent years, did not significantly change. Previously identified risks were mostly still valid albeit the majority of the top risks had been impacted by the pandemic. An exercise to map the full Audit Plan to the Council's top risks will be completed in June 2022 and the outcome reported to the Committee.
- 4.5. Capacity planning has reflected the anticipated resources required to assist with the implementation of Oracle Fusion as well as other known resourcing pressures in 2022/2023 arising from planned leave and a secondment to the election office for the local government elections in May 2022.
- 4.6. Progress against the Audit Strategy will be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting. Delivery of the Strategy will be evidenced by the completion of the 2022/2023 Plan. The risk of significant subsequent changes to the Plan, arising from a change in the Council's priorities or risks, are reduced given the proposed approach in 2022/2023 with a level of contingency time built in to provide some flexibility throughout the year. Key performance indicators will continue to be reported to the Committee within routine activity reports and as part of the annual assurance report.
- 4.7. The Committee is asked to approve the proposed approach in 2022/2023 and the draft interim Audit Plan attached at Appendix 2.

5. Employee Implications

- 5.1. A full employee capacity plan was prepared at the commencement of the audit planning process. This determined that 1,303 audit days can be delivered in 2022/2023 (inclusive of days to deliver an internal audit service to external clients). This is broadly similar to the number of days that were available in 2021/2022.

6. Financial Implications

- 6.1. The detailed 2022/2023 budget for Internal Audit has not been finalised. Capacity planning has been based on a prudent projected budget. This is considered to provide sufficient resources to deliver the Audit Plan.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

8. Other Implications

- 8.1. To mitigate against the risk of non-delivery of the Plan, the progress of every assignment is monitored using the Council's risk management software, Figtree.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. There is no requirement to conduct an equality impact assessment on the proposed Audit Plan. Evidence is available of a level of consultation during preparation of the interim Plan with a further review exercise planned for Quarter One of 2022/2023.

Paul Manning

Executive Director Finance and Corporate Resources

11 January 2022

Link(s) to Council Objectives/Improvement Themes/Values

- ◆ Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ 2021/2022 Internal Audit Plan – Six Months to 30 September 2021, 3 March 2021
- ◆ 2021/2022 Internal Audit Plan – Six Months to 31 March 2022, 17 November 2021

List of Background Papers

- ◆ Internal Audit planning documentation

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas

Audit and Compliance Manager

Ext: 2618 (Tel: 01698 45(2618))

E-mail: yvonne.douglas@southlanarkshire.gov.uk

South Lanarkshire Council Internal Audit Charter

Purpose

Internal Audit is an in-house, independent assurance function that provides an objective opinion and consultative guidance to South Lanarkshire Council and external clients on how well risks are controlled within their operations.

Internal Audit provides managers and elected members with assurance on how well processes and procedures in place are controlling the associated risks and recommends actions for improvements to ensure controls are effectively managed.

This complies with the definition of Internal Audit included within the Public Sector Internal Audit Standards (PSIAS):

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Compliance with PSIAS is mandatory from 1 April 2013.

The Standards were revised from 1 April 2017 to incorporate new and revised international standards resulting in additional public sector requirements and interpretations.

The Internal Audit service reports to the Risk and Audit Scrutiny Committee (RASC) who for the purposes of PSIAS are defined as the Board. This Committee serves as the Audit Committee for SLC and independently provides assurance on the soundness of the Council’s control environment and the adequacy of the risk management framework. It also delivers scrutiny and oversees external financial reporting processes. The Committee is made up of ten members of the Council and is chaired by a member of the opposition party. Membership changes with each new Council to ensure political balance.

An Annual Statement of Assurance is provided to this Committee and elected members by the Audit and Compliance Manager, to report on the adequacy and effectiveness of the governance, risk management and control arrangements in place. Assurance is based on the professional practices outlined within Internal Audit’s Audit Manual.

The authority to deliver an internal audit service is contained within SLC’s Financial Regulations, Standing Orders and Scheme of Delegation (all of which are available on the intranet) as well as in the Council’s Counter Fraud, Bribery and Corruption Policy Statement and Strategy.

For internal audit work delivered to external bodies, authority is provided by the Accounts Commission’s ‘Code of Guidance on Following the Public Pound’ as well as Service Level Statements agreed with clients.

As well as professional standards Internal Audit will be bound by SLC local standards including the Employee Code of Conduct and the Code of Corporate Governance.

Relationship with the Risk and Audit Scrutiny Committee

The Executive Director Finance and Corporate Resources and the Audit and Compliance Manager should seek to maintain sound working relationships with appropriate elected members and ensure that good channels of communication are maintained. Within South Lanarkshire Council, the Audit and Compliance Manager is considered to be the Chief Internal Auditor. The Chair of the RASC and the Audit and Compliance Manager may meet privately from time to time to discuss audit findings, the performance of the Committee and other related matters. Internal Audit report all findings from concluded assignments via progress reports to the RASC. Lines of communication between the Chairs of all Committees and the Audit and Compliance Manager will be open at all times.

All elected members are free to raise concerns directly with the Audit and Compliance Manager and input to the audit plan but these will be assessed in terms of risk prior to any audit work being undertaken.

Enquiries from elected members will follow the Council's protocols and guidance.

Objective

Internal Audit's objectives are to:

- improve internal control through provision of advice and guidance on preventative measures and good governance
- safeguard public expenditure and ensure control over Council capital, revenue and project expenditure and minimise loss through a programme of routine and contract audits
- promote compliance with all corporate standards and frameworks, ensure that management information is produced accurately and safeguard the Council's computer and on-line transactions with particular emphasis on security, efficiency and sustainable service delivery
- deliver objective assurance over controls within operational and financial systems and governance arrangements
- contribute to efficiency by identifying opportunities and leading the management of the fraud risk
- promote risk awareness and plan risk-based audit work within available resources
- meet agreed targets directing all efforts towards sound performance in all areas

In delivering the above objectives, Council values and Performance and Development requirements will be adhered to.

Role and Scope of Work

To provide the assurance of controls in place within processes and procedures across the entire control environment of the organisation, Internal Audit will:

- independently review and appraise all systems of financial and operational control in terms of their adequacy and application;
- ascertain the extent of compliance with financial and operational procedures, policies, regulations and legislation and their impact on operations;
- advise on control implications for new and modified IT systems;
- provide advice and guidance and contribute to working groups and ad-hoc strategic exercises;
- provide consultancy services (which is defined for the purposes on PSIAS as pertaining to the provision of advice and guidance to Council Resources) on a secondment or group

representation basis, provided this does not compromise independence and that a sufficient period elapses before auditors formally review those services where consultancy has been provided (usually one year);

- perform periodic governance checks;
- provide written assurance in selected areas as well as an overall opinion at least once per annum;
- recommend improvements in control, performance and productivity in achieving corporate objectives;
- follow-up the extent to which earlier recommendations have been implemented;
- work in partnership with external auditors;
- detect, prevent and investigate fraud and crime in accordance with approved anti-fraud strategies and policies.
- undertake investigative audits in respect of potential fraud, irregularity and serious breaches of governance and, as such, is required to be notified of all suspected or detected fraud, corruption or impropriety. It also monitors devolved responsibility for investigation by Resources.

Internal audit testing may go beyond the records and adopt a more direct approach, including interviews, fact finding and on site surveys.

The existence of Internal Audit does not diminish the responsibility of management to exercise sound systems of internal control. It is clearly and solely a management responsibility to ensure that activities are conducted in a secure, efficient and well-ordered manner and that finances are safeguarded and used to maximum effect. This includes identifying and managing risks including fraud.

Managers are expected to provide requested information within a reasonable timescale and earlier than the equivalent timescale for Freedom of Information (FOI) Requests. Managers are expected to respond to assignment feedback requests, usually within seven days and to draft reports within fourteen days.

Internal Audit charges a fee for work performed for external clients, subject to agreed Service Level Statements. In addition, Internal Audit may undertake work relating to external bodies funded by the Council or partners, as authorised by the Following the Public Pound guidance.

Internal Audit may work jointly with neighbouring authorities, local health boards, Scottish Government departments and external auditors on a variety of projects, aimed at improving the control and/or efficiency environment of public sector bodies.

Independence

Internal Audit is located within Audit and Compliance Services, under the direction of the Proper Officer, the Executive Director Finance and Corporate Resources.

In addition, general management duties will be delegated from the Executive Director Finance and Corporate Resources to the Audit and Compliance Manager and will cover audit matters as well as general management duties, including representation on the Resources Senior Management Team.

The Audit and Compliance Manager has management responsibilities outwith Internal Audit for Funding and Compliance Services. It is recognised that arrangements are required to be in place for any audit work in this area to allow this to be managed independently of the Audit and Compliance Manager. The specific nature of these arrangements will be reported to the RASC when audit activity in this area is planned.

The establishment structure will comprise qualified and technician posts with a mix of professional specialisms. Structural reviews may take place from time to time and regular resource monitoring is reported to the RASC. Any reduction in resources which might jeopardise the delivery of assurance will be immediately reported to the Executive Director Finance and Corporate Resources in the first instance.

As far as is practicable, Internal Audit should not participate in the day-to-day operation of any internal systems of financial or operational control.

Plans will be formed to reflect organisational audit needs but within available resources.

Upon request from the Executive Director Finance and Corporate Resources, appropriate specialists from other departments should be made available to take part in any audit requiring specialist knowledge.

Within SLC, the Employee Code of Conduct provides guidance on the type and nature of interests that should be declared (including paid employment outside the Council and personal interests in contracts). Auditors must declare their interests in accordance with the Code of Conduct and with regard to the audit principle of independence, and notify the Audit and Compliance Manager of any conflicts of interest which may arise. This formal declaration is renewed on an annual basis but can be revisited should any conflicts arise.

Auditors will not be assigned to review or be involved in any activity where they have previously had operational or other involvement, usually within a period of one year. This includes instances where Internal Audit employees have been consulted during system, policy or procedural developments.

Access

Internal Auditors have authorisation from the Council to examine all council records, IT systems, cash, stores and other property, to obtain explanations and to enter Council property or land.

Access is unrestricted and shall be granted on demand and not necessarily be subject to prior notice.

Reporting

All planned audit assignments will formally be reported and every assignment will be closed after review by audit management. All Internal Audit reports will be submitted to the Executive Director Finance and Corporate Resources, and to recipients within the Resource being audited, including the Executive Director, Head of Service and the auditee. Circulation to the Chair of the Resource Committee is the responsibility of the Executive Director. Copies of reports relating to routine planned assignments will also be forwarded to external auditors.

The Audit Manager will plan for regular formal consultations with Heads of Service and Executive Directors, especially when preparing the formal audit plan. Feedback on performance and value of work undertaken will be sought. Heads of Service will be copied on every report affecting their area of responsibility. Effective relationships will be maintained by both parties and confidentiality of information will be protected, unless this would prevent the delivery of audit assurance. Timing of work is subject to consultation but this will not preclude unannounced visits when necessary or requested by Executive Officers or Members.

Best practice dictates that the Head of Internal Audit must report to those charged with governance. In SLC this means that the Audit and Compliance Manager reports to the Corporate Management Team (CMT) and the RASC.

The CMT is made up of Executive Directors covering all Council Resources, who for the purposes of PSIAS, are defined as Senior Management. The CMT endorses, as a minimum the Internal Audit Plan and the Internal Audit Annual Report, which provides the opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements.

Internal Audit also reports plans, annual assurance and all audit findings to the RASC. For external clients, reports and opinions will also be offered to audit committees, where these exist, or to client Boards and senior management teams.

Escalation

The Audit and Compliance Manager has direct access, reports and is accountable to the Executive Director Finance and Corporate Resources, the Proper Officer, as defined in Section 95, Local Government Act 1973 and meets with this officer on a regular one to one basis.

This relationship will be the escalation route for issues arising within Internal Audit and for those matters where it is appropriate for the Chair of the RASC to be briefed. The Audit and Compliance Manager's relationship with the Chair of the RASC and elected members is detailed above within the section 'Relationship with the Risk and Audit Scrutiny Committee'.

Auditors will use escalation processes so that slippage in relation to the delivery of audit assignments can be dealt with swiftly.

Responsibilities

In delivering assurance, Internal Audit adopts a predominantly systems-based approach to audit. In discharge of this duty, the Audit and Compliance Manager will:

- prepare an annual plan for formal agreement
- deliver a range of audit assignments, resulting in reports for management. Occasionally, letters or memos, rather than full reports will be issued. This usually occurs where few concerns are raised during the audit or where work is of a rolling nature, for example spot cash counts
- make recommendations for improvements
- provide Committee reports and other briefings to provide advice or raise awareness of performance or risk issues
- ensure a system of close supervision of audit work, and maintain a review of audit files through the supervisory structure
- maintain a skill level within the section specifically for the investigation of fraud
- provide an annual opinion within a full annual audit assurance statement, for agreement with the Chief Executive and Executive Director Finance and Corporate Resources and onward presentation to the RASC.

Lead Resource	Audit assignment	Outline Scope	Expected days
Key year end tasks			
FCR	External Audit	Provide 2021/2022 general ledger data to External Audit for the audit of the financial accounts for the year ended 31 March 2022.	11
All	2021/2022 Annual Report	Prepare annual statement of assurance for 2021/2022. Present to RASC.	10
All	Governance Statement	Undertake review of evidence that supports SLC's Annual Governance Statement and provide 2021/2022 annual assurance statement for Glasgow City Region – City Deal.	5
Corporate tasks			
All	Attend internal and external working groups	Attend, respond to requests, participate in consultations and providing updates.	39
All	Committee reporting	Prepare reports to present to RASC and to External Client Committees and Boards.	10
FCR	Fusion	Support implementation of project.	309
All	2023/2024 Audit Plan	Undertake consultation, risk assessment, Resource and Section planning, set scopes and objectives and seek approval through preparation of reports.	10
All	NFI	Coordinate data uploads for new NFI exercise in 2022/2023. Develop and communicate plan for investigation of matches in 2023/2024.	15
All	Advice and guidance	Provision of advice and guidance on online banking for school funds and on the revision of duplicate invoice checks.	50
Core programme of audit work			
All	Informal Follow Up	Prompt Resources on a quarterly and monthly basis of actions due within that period. Collate responses for reporting.	6
All	Follow Up	For all Council Resources, identify audit recommendations due in the period April 2021 to March 2022. Risk assess and follow-up to ensure implementation of all high risk actions.	20
CER/HTR/FCR	Follow Up	Undertake follow up of procurements audits within Roads and Property Services and debtors review within Benefits and Revenue Services.	65

Lead Resource	Audit assignment	Outline Scope	Expected days
All	Anti-fraud checks	Rolling programme of anti-fraud checks – including procurement, petty cash and purchase cards.	58
All	CCM	Continue to download data in current Continuous Controls Monitoring (CCM) areas. Use data for analysis and to inform internal and external audit testing.	25
EDR	Optimisation software	Review of optimisation software to establish benefit of using within other Council Services.	20
FCR/CER	Investigative contingency	Undertake investigations as required (including COVID-19 grants).	95
All	General contingency	Conclude all 2021/2022 audits and responded to requests for unplanned work 2022/2023.	117
All	Resource audits	Deliver a programme of risk-based audits across Council Resources (to be presented June 2022)	326
N/A	Audit Plan	Deliver internal audit service to External Clients	112
Total Audit Days 2022/2023			1,303

Report

5

Report to: **Risk and Audit Scrutiny Committee**
 Date of Meeting: **26 January 2022**
 Report by: **Executive Director (Finance and Corporate Resources)**

Subject: **Internal Audit Activity as at 7 January 2022**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ update the Risk and Audit Scrutiny Committee on progress by, and performance of, the Internal Audit service in the period to 7 January 2022

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that progress and performance be noted.

3. Background

3.1. Findings from internal audit assignments are reported to the Committee throughout the year. The last progress report to the Committee was in November 2021 and reported on work completed in the period 28 August to 29 October 2021. This report covers all work completed in the period 30 October 2021 to 7 January 2022. Performance information is also included.

4. Delivery of the 2021/2022 Internal Audit Plan: Progress and Performance

4.1. As at 7 January 2022, 98% of the 2021/2022 Audit Plan is in progress. 28% of assignments have been completed to draft report stage and a further 19% relate to those that are closed at financial year end. Work to complete the remaining 53% of the 2021/2022 Audit Plan continues and arrangements are in place to conclude these assignments by 31 March 2022.

4.2. Key performance indicators reflecting quality, on time and within budget for the period to 30 November 2021 are summarised in Appendix 1 together with explanations. 100% of draft reports have been issued on time and 100% within budget against targets of 80% respectively. Quality continues to be monitored through internal quality control procedures.

4.3. Client contributions to the delivery of the Audit Plan take the form of responding to draft reports, agreeing to closing meetings and signing reports quickly once agreed. 100% of audit assignments were concluded to a signed action plan, where this was required, within 4 weeks of the issue of a draft report against a target set of 80%.

4.4. Members are asked to note progress and performance.

5. Findings

- 5.1. Appendix 2 lists all assignments completed in the period 30 October 2021 to 7 January 2022 together with a summary of overall assurances from each area of work.
- 5.2. Members are asked to note the findings set out in Appendix 2.

6. Glasgow City Region City Deal – Internal Audit Plan 2021/2022

- 6.1. Members will be aware South Lanarkshire Council forms part of the Glasgow City Region City Deal and that this programme is funding a range of capital projects within South Lanarkshire. Similar to the Council's own governance arrangements, an Internal Audit Plan of work is completed each year reviewing governance, risk management and internal control arrangements within the Glasgow City Region City Deal programme. This Internal Audit Plan is delivered by Glasgow City Council and the findings are reported to the Glasgow City Region Cabinet. In addition, reports are presented to a separate Audit Group which South Lanarkshire Council attends.
- 6.2. During the December 2021 Cabinet meeting it was suggested that Audit Committees within member authorities should have sight of the City Deal audit reports. To address this point within South Lanarkshire, activity reports to the Committee will now periodically include the audit reports presented to the Cabinet.
- 6.3. A link to the most recent report on Business Continuity and Resilience that was presented to the Cabinet in December 2021 can be found [here](#). Relevant actions within this report for South Lanarkshire Council are as follows:-
 - ◆ specific detail should be added to the Business Continuity Plan (BCP) to reflect both the specific requirements of the City Deal Project and the updated guidance that was to be issued by the Programme Management Office
 - ◆ a periodic review of the BCP to be undertaken
- 6.4. Audit recommendations are followed up by Glasgow City Council as part of the Annual Audit Plan and progress with implementing recommendations are reported to the Cabinet. Where relevant, these actions will now also be added to South Lanarkshire Council's audit action database to ensure that these are implemented in full and on time.

7. Progress against Strategy

- 7.1. The Public Sector Internal Audit Standards (PSIAS) require progress against the audit strategy to be monitored and reported to the Committee as part of regular monitoring reports that are presented at each meeting.
- 7.2. Delivery of the strategy will be evidenced by completion of the 2021/2022 Plan and will be monitored through the performance indicators reported to the Committee.

8. Employee Implications

- 8.1. There are no employee issues.

9. Financial Implications

- 9.1. A breakeven position for 2021/2022 is forecast at the end of the financial year for the Internal Audit section.

10. Climate Change, Sustainability and Environmental Implications

- 10.1. There are no implications for climate change, sustainability or the environment in terms of the information contained within this report.

11. Other Implications

- 11.1. The main risks to the delivery of the Audit Plan are, generally, vacancies and team up-skilling requirements, unforeseen service demands and delays with client sign-off. Normally these would be mitigated by coaching and training, regular meetings and escalation processes as well as inclusion of contingency time within the Annual Plan. However, given the ongoing pandemic, these risks require particular consideration and the Audit Plan for 2021/2022 will remain under review. Any required amendments will be presented to the Committee for approval.

- 11.2. There are no implications for sustainability in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. There is no requirement to equality assess the contents of this report.

- 12.2. Heads of Service are consulted on each and every audit assignment.

Paul Manning

Executive Director Finance and Corporate Resources

10 January 2022

Link(s) to Council Objectives/Improvement Themes/Values

- ◆ Achieve results through leadership, good governance and organisational effectiveness

Previous References

- ◆ 2021/2022 Internal Audit Plan – Six Months to 30 September 2021 – Risk and Audit Scrutiny Committee, 3 March 2021
- ◆ Internal Audit Activity as at 4 June 2021 – Risk and Audit Scrutiny Committee, 22 June 2021
- ◆ Internal Audit Activity as at 27 August 2021, Risk and Audit Scrutiny Committee, 15 September 2021
- ◆ Internal Audit Activity as at 29 October 2021, Risk and Audit Scrutiny Committee, 17 November 2021

List of Background Papers

- ◆ Figtree extracts of Action Plans

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Ext: 2618

(Tel: 01698 452618)

E-mail: yvonne.douglas@southlanarkshire.gov.uk

Key audit performance indicators as at 30 November 2021

Appendix 1

Indicator	Numbers	Percentage	Target	Comment
Assignments delivered within budget	18/18	100%	80%	
Draft reports delivered within 6 weeks of file review	19/19	100%	80%	
2021/2022 Audit Plan completed to draft by 31 March 2022	13/47	28%	100%	98% of the 2021/2022 Audit Plan has been started. Only 1 assignment remains to start and this is scheduled to begin in February 2022.
Internal Audit recommendations delivered on time	0/1	0%	90%	The original recommendation has been actioned. Responses are being followed up with Council Resources before the action is shown as complete.
Client to agree findings and actions within 4 weeks of draft issue	16/16	100%	80%	

Job Number	Assignment name	Draft Issue	Final Issue	Assurance Info
------------	-----------------	-------------	-------------	----------------

Previous Year				
I674174	Facility Theft	04/11/2021	04/11/2021	Of immaterial value. Follow up work now instructed to test revised controls.
I676186	Procedural review	04/11/2021	04/11/2021	Reviewed site visit note. No action required.

Current Year				
I710060	Passenger Transport Direct Award	21/09/2021	21/09/2021	Spreadsheets devised to assist with the direct award process.
I710062	Advice and Guidance - Mobile Phones	24/09/2021	24/09/2021	Provided advice and guidance around a revised interim process for mobile phone ordering process within Homecare. Procedures to be updated again to reflect post COVID-19 working arrangements.
I710065	Objective Workflows	13/10/2021	13/10/2021	Provision of advice and guidance around workflows within invoice authorisation process.
I710059	Advice and Guidance - BACs	03/11/2021	03/11/2021	Assurance provided on effectiveness of updated process controls.
I710063	Advice and Guidance - duplicate invoices	10/11/2021	10/11/2021	Agreed process for duplicate invoice checking which is under review as part of the implementation of Fusion.
I222107	LEADER Grant 2021/2022	12/11/2021	12/11/2021	Provision of LEADER audit certificate for the year to 15 October 2021.
I810031	Audit Plan 2021/2022	27/10/2021	17/11/2021	Preparation and presentation of second, six-monthly 2021/2022 Audit Plan to the Risk and Audit Scrutiny Committee for approval.

I250106	Contract analysis	14/12/2021	14/12/2021	Research for follow up contract audit work scheduled for 2022/2023.
---------	-------------------	------------	------------	---

External Clients				
I929148	LVJB COVID Emerging Risks	12/05/2021	01/11/2021	Reported to LVJB
I932163	SEEMIS CCM 2020/2021	11/05/2021	01/11/2021	Reported to SEEMIS
I939155	SEEMIS COVID Emerging Risks	11/05/2021	01/11/2021	Reported to SEEMIS

Report

6

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	26 January 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Fraud Statistics Six Monthly Update 2021/2022
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide a summary of the fraud statistics for the six months to 30 September 2021 and a comparison to the same period in 2020

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the contents of this report are noted.

3. Background

- 3.1. Collating and reporting fraud statistics and setting targets for improvement are considered best practice by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Local Authority Risk Managers (ALARM).
- 3.2. This report provides information on the number, types and outcomes of fraud investigations within South Lanarkshire Council for the six months to 30 September 2021 together with a comparison to the statistics for the same period in 2020. It includes all frauds reported to Internal Audit, benefit frauds during this period investigated by the Department for Work and Pensions (DWP) and insurance losses resulting from a failure in internal controls or which have been investigated by Internal Audit.
- 3.3. Although the responsibility for housing benefit fraud investigations has transferred to the DWP Fraud and Error Service (FES), South Lanarkshire Council retains responsibility for the recovery of fraud overpayments from their own Housing Benefit claimants. Housing Benefit fraud data will, therefore, continue to be included within the fraud statistics reported as information is provided by FES.
- 3.4. Revenues and Benefits continue to deliver an annual programme of rolling reviews on Housing Benefit claimants based on risk-profiling to establish the most likely areas of benefit fraud or overpayment. Information is also obtained from HMRC through Real Time Information (RTI) and DWP through the Housing Benefit Matching Service (HBMS). Where fraud is suspected, the case will be passed to FES for investigation and, if proven, the case returned to South Lanarkshire Council to pursue recovery. Irrespective of whether a fraud is proven or not, the Council takes steps immediately to recover any overpayment.

- 3.5. Progress with all types of fraud investigations during 2021/2022 has continued to be impacted by the pandemic in terms of both the reporting of new cases and concluding investigations. Despite these delays, the processes have not been altered. All suspected, significant fraud cases continue to be investigated with timescales extended for concluding work. This may continue for the remainder of this financial year but steps are being taken to progress existing cases to a conclusion and to re-establish reasonable timescales in 2022/2023.

4. Results

- 4.1. All concerns reported to Internal Audit are risk assessed with high risk areas investigated by Internal Audit, medium risks investigated by Resources and low risks registered for monitoring of trends. Internal Audit may also undertake joint investigations with Resources and the Fact Finding team within Personnel Services depending on the nature of the fraud and the operational knowledge required.
- 4.2. Areas within the Council that have an inherently higher risk of fraud are considered for inclusion in the Annual Audit Plan. There have been no specific patterns or trends identified in 2021/2022 in addition to those already known.
- 4.3. An analysis of the fraud caseload for the six months to 30 September 2021 and the comparative period in 2020 is detailed in Table One.

Table One - Fraud Caseload

Status	Six Months to 30/09/2021		Six Months to 30/09/2020	
	Nos.	£000	Nos.	£000
Cases open as at 1 April	133	150	145	139
Concerns reported to 30 September	19	4	14	39
Caseload at 30 September	152	154	159	178
Cases closed in period (see Table Two)	16	6	21	22
Work in progress at 30 September	136	148	138	156

- 4.4. Although cases reported in the period remain relatively low, a pattern of these coming primarily from suspected benefit fraud has started to emerge again.
- 4.5. An analysis of closed cases in the year is detailed in Table Two:

Table Two - Analysis of Closed Cases

Source of fraud	Six Months to 30/09/2021		Six Months to 30/09/2020	
	Nos.	£000	Nos.	£000
Founded allegation (see Table Three)	10	5	15	22
Insufficient information	1	0	3	0
Unfounded allegations	5	1	3	0
Total	16	6	21	22

- 4.6. 63% of cases closed in the period were founded. None of these cases involved a South Lanarkshire Council employee.
- 4.7. An analysis of founded allegations is detailed in Table Three:

Table Three – Analysis of Founded Allegations

Source of fraud	Six Months to 30/09/2021		Six Months to 30/09/2020	
	Nos.	£000	Nos.	£000
External	10	5	15	22
Internal	0	0	0	0
Benefits	0	0	0	0
Total	10	5	15	22

- 4.8. All of the founded cases relate to Benefit Fraud or fraud committed by a third party.
- 4.9. Minimal costs have been incurred by Internal Audit in the period to 30 September 2021 aligning to the limited progress that has been made with completing investigations and reflecting the continuing re-direction of resources to deliver corporate tasks. This requirement has now ended and the intention is to conclude all current, open investigations by 31 March 2022.
- 4.10. Time budgets and target completion timescales for investigations are set at the start of each audit and will vary depending on the nature of the investigation. These timescales have been extended to reflect other Service priorities over the last eighteen months but are now being set re-established to support a return to normal service delivery timescales.

5. Improvements

- 5.1. On the conclusion of all internal investigations, an assessment is made on whether any improvement actions are necessary. If required, an improvement plan will be issued containing recommended actions. These improvement plans are agreed with the relevant Heads of Service and the actions followed up by Internal Audit to ensure implementation and that gaps in controls have been addressed. Outcomes for concluded investigations are reported to this Committee as part of Internal Audit's annual assurance report.

6. Employee Implications

- 6.1. South Lanarkshire Council has a zero tolerance approach to fraud. All employees have a role to play in reducing fraud within the Council and should understand the risk of fraud faced by the Council, that fraud is serious and that it diverts resources from the delivery of the Council's primary objectives. A Learn on Line Fraud Awareness course is available to all employees with People Connect access.

7. Financial Implications

- 7.1. The investigation of fraud, participation in National Fraud Initiative (NFI) exercises and the collection and reporting of fraud statistics will be carried out within existing resources.
- 7.2. A total of 50 days was allocated within the first six months of 2021/2022 for routine fraud risk assignments and to undertake fraud investigations where required. This was supplemented by 25 further days to facilitate the completion of the 2020/2021 NFI exercise. In practice, most of those time has been used to undertake anti-fraud work on grants being disbursed by South Lanarkshire Council on behalf of the Scottish Government and to assist Services to undertake investigations on NFI 'matches'. Further time has been allocated in the second half of 2021/2022 to conclude work within these areas and to complete testing around wider, emerging public sector fraud areas that have been identified by Audit Scotland.

8. Climate Change, Sustainability and Environmental Implications

- 8.1. There are no significant implications in terms of climate change, sustainability and environmental issues associated with this report.

9. Other Implications

- 9.1. Fraud risk is recognised as one of the top risks facing South Lanarkshire Council. This risk is significant as it can adversely affect the delivery of Council objectives and erode valuable resources. It is, therefore, important that the risk of fraud is soundly managed. Fraud Risk Registers are in place within all Resources and are reviewed and updated in line with standard Risk Management procedures.
- 9.2. In order to ensure the Council is fully aware of and prepared for emerging fraud risks, Internal Audit periodically carry out self-assessment exercises against good practice guidance in fraud management. This exercise in 2020/2021 has contributed to the review of fraud policies. Work to promote the revised fraud policy will be undertaken by Internal Audit in 2021/2022.
- 9.3. The Council's Serious and Organised Crime (SOC) working group have developed an action plan to address the impact of COVID-19 on SOC and the challenges that this has brought to the Council in the short, medium and long term. The Group progress delivery of the various actions, revising these if any new or emerging threats are identified through the pan Lanarkshire Multi Agency SOC Group. Updates on progress are presented to this Committee on a periodic basis.
- 9.4. The collection and reporting of fraud statistics assists in the management of fraud by identifying patterns and trends of fraud and areas of high risk where preventative controls should be concentrated. However, in order to do this effectively, fraud statistics must be complete. Internal Audit will continue to highlight areas where practice could be improved to ensure that all instances of potential and actual fraud are reported to Internal Audit.

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. There is no requirement to undertake an equality impact assessment.
- 10.2. Consultation was not necessary for this report.

Paul Manning

Executive Director Finance and Corporate Resources

10 January 2022

Link(s) to Council Values/Ambitions/Objectives

- ◆ Objective – Governance and Accountability

Previous References

- ◆ Fraud Statistics Six Monthly Update 2020/2021, 3 March 2021
- ◆ Fraud Statistics Annual Report 2020/2021, 15 September 2021

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Yvonne Douglas, Audit and Compliance Manager

Ext: 2618 (Tel: 01698 452618)

E-mail: yvonne.douglas@southlanarkshire.gov.uk

Report

7

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	26 January 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Performance and Review Scrutiny Forum Annual Update
----------	--

1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide, for information, a summary of the reports considered by the Performance and Review Scrutiny Forum during the period January to December 2021

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the content of this report is noted, and that an annual update will be provided for information.

3. Background

3.1. The Terms of Reference and Powers and Responsibilities for the Performance and Review Scrutiny Forum includes consideration of the Council's response to Best Value, improvement and performance management.

3.2. The details within this report provide the Risk and Audit Scrutiny Committee with a summary of business reported to the Performance and Review Scrutiny Forum.

4. Agenda items

4.1. The table below notes the reports submitted to the Performance and Review Scrutiny Forum during the period January to December 2021 under the main areas of responsibility.

Date	Improvement
2 March	<ul style="list-style-type: none"> • Resource Plans and Connect Reporting 2021/2022 • Improve Red/Amber Results (Q2 2020/2021)
18 May	<ul style="list-style-type: none"> • Improvement Service Strategic Framework
Date	Performance Management
18 May	<ul style="list-style-type: none"> • Local Government Benchmarking Framework 2019/2020 Results and Action Plan
17 August	<ul style="list-style-type: none"> • Annual Performance Spotlight 2020/2021 • Council Plan Connect Q4 Performance Report 2020/2021
26 October	<ul style="list-style-type: none"> • Local Government Benchmarking Framework Update

Date	Best Value
2 March	• The City of Edinburgh Council Best Value Assurance Report (BVAR)
17 August	• The City of Aberdeen Council Best Value Assurance Report (BVAR)
26 October	• Local Government in Scotland: Overview 2021 • East Dunbartonshire Council Best Value Assurance Report (BVAR)

- 4.2. A schedule of reporting will continue covering the key themes noted at paragraph 3.1 above. The Risk and Audit Scrutiny Committee will be provided with an annual report for information, advising it of the business presented to the Performance and Review Scrutiny Forum.

5. Employee Implications

- 5.1. There are no employee implications relating to this report.

6. Financial Implications

- 6.1. There are no financial implications relating to this report.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. There are no Climate Change, Sustainability and Environmental implications relating to this report.

8. Other Implications

- 8.1. There are no risk or sustainability issues associated with the content of this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

Paul Manning

Executive Director (Finance and Corporate Resources)

11 January 2022

Link(s) to Council Values/Ambitions/Objectives

- ◆ Promote performance management and improvement

Previous References

None

List of Background Papers

- ◆ Performance and Review Scrutiny Forum meetings – 2 March 2021, 18 May 2021, 17 August 2021 and 26 October 2021

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Tom Little, Head of Communications and Strategy

Ext: 4904 (Tel: 01698 454904)

Email: tom.little@southlanarkshire.gov.uk