

# RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 14 November 2018

**Chair:**

Councillor Graeme Campbell

**Councillors Present:**

Councillor Poppy Corbett, Councillor Maureen Devlin, Councillor Mary Donnelly, Councillor Mark Horsham, Councillor Julia Marrs

**Councillors' Apologies:**

Councillor Martin Lennon, Councillor Carol Nugent, Councillor Margaret B Walker, Councillor Jim Wardhaugh

**Attending:**

**Finance and Corporate Resources**

P Manning, Executive Director; Y Douglas, Audit and Compliance Manager; S Dunsmore, Insurance and Risk Manager; T Little, Head of Corporate Communications and Strategy; T Slater, Administration Officer; J Taylor, Head of Finance (Strategy)

**Also Attending:**

**Audit Scotland**

B Gillespie and D Richardson, External Auditors

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## 1 Declaration of Interests

No interests were declared.

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## 2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 18 September 2018 were submitted for approval as a correct record.

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

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## 3 Internal Audit Activity as at 24 October 2018

A report dated 24 October 2018 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 30 August to 24 October 2018.

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

- ◆ 68% of assignments had been delivered within budget against a target of 80%
- ◆ 80% of draft reports had been delivered on time against a target of 80%
- ◆ 75% of the 2018/2019 Internal Audit Plan had commenced
- ◆ 88% of audit assignments had been concluded to a signed action plan within 4 weeks of the issue of a draft report against a target of 80%

- ◆ 89% of internal audit recommendations had been delivered on time against a target of 90%

The findings from assignments completed in the period 30 August to 24 October 2018 were detailed in Appendix 2 to the report. Significant assignments completed in the period were detailed in Appendices 3 and 4 to the report.

Updates were given on the following areas of work:-

- ◆ progress against the audit strategy
- ◆ Internal Audit Plan
- ◆ National Fraud Initiative

As part of the 2019/2020 Internal Audit Plan consultation process, the Committee would be asked for ideas and suggestions for inclusion in the 2019/2020 Plan. Those should focus on specific areas where there were known control weaknesses.

Audit Scotland had recommended that public bodies participating in the National Fraud Initiative (NFI) self-appraise their involvement prior to and during the exercise. To facilitate the self-appraisal, Audit Scotland had developed a checklist which included areas where the Audit Committee should obtain assurance around the organisation's approach to the NFI exercise. The checklist and suggested responses to each of the self-assessment questions were detailed in Appendix 5 to the report.

Officers responded to members' questions on various aspects of the report. In response to a member's suggestion, consideration would be given to arranging an awareness session in relation to the NFI exercise.

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

*[Reference: Minutes of 18 September 2018 (Paragraph 5)]*

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#### **4 2017/2018 Year End Risk Management Report**

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A report dated 2 October 2018 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ progress in delivering actions to control the Council's top risks
- ◆ Resource compliance with the Risk Management Strategy

Risk Sponsors were required, on an annual basis, to assess and provide evidence of their Resource's compliance with the Risk Management Strategy. The end of year compliance statement, attached as Appendix 1 to the report, showed that Resources continued to demonstrate full compliance with the Strategy.

Performance in completing actions on the Council's top risk control plan was reported through IMPROVe, the Council's performance management system, on a quarterly basis. At 31 March 2018, 100% of actions relating to the Council's top risk register had been completed against a target of 80%.

Officers responded to members' questions on the position regarding insurance cover for members who represented the Council on outside bodies

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

*[Reference: Minutes of 11 November 2017 (Paragraph 6)]*

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## 5 2017/2018 Year End Insured Risks Report

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A report dated 5 October 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's insurance claims for the year to 31 March 2018 for the following main classes of insurance:-

- ◆ employer's liability
- ◆ public liability
- ◆ motor insurance
- ◆ property insurance and other miscellaneous risks

Appendix 1 provided annual comparisons of the numbers and values of claims by Resource for the years 2013/2014 to 2017/2018. Claim numbers for 2017/2018 were in line with the average for the previous 4 years, while the estimated value of claims for 2017/2018 was below the previous 4 year average.

Appendix 2 compared claim numbers and costs for 2017/2018 with the equivalent position for 2016/2017. This showed an increase of 251 claims (25%) compared with the numbers reported in 2016/2017 and an increase in the cost of claims from £1.662 million in 2016/2017 to £1.963 million in 2017/2018.

Details were given on measures in place and mitigating actions proposed to manage insurance hotspots.

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

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

*[Reference: Minutes of 11 November 2017 (Paragraph 5)]*

*Councillor Devlin left the meeting following consideration of this item of business*

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## 6 Audit Scotland Report: Challenges And Performance 2018

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A report dated 5 November 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Audit Scotland report 'Challenges and Performance 2018'.

Audit Scotland published an overview report each year, on behalf of the Accounts Commission, covering key areas of current and future activity relative to local government and providing an opinion on how those were, or should be, managed.

The Audit Scotland report was divided into the following 3 parts:-

- ◆ Part 1 The challenges for councils
- ◆ Part 2 Councils' responses to the challenges
- ◆ Part 3 The impact on council services

A number of key messages arising from the report were outlined, including recommendations for councils. Details of the recommendations were provided, together with an assessment of the position in this Council. In addition, the report was accompanied by a scrutiny tool for Councillors which included example questions which would aid Councillors in performing their role. Those questions were detailed in Appendix 1 to the report.

In response to a point raised regarding training for elected members, officers advised that options to make training more accessible to members would be explored.

**The Committee decided:** that the key messages and recommendations detailed in the Audit Scotland report entitled 'Challenges and Performance 2018' be noted.

*[Reference: Minutes of 21 March 2018 (Paragraph 8)]*

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## **7 Efficiency Statement 2017/2018**

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A report dated 19 September 2018 by the Executive Director (Finance and Corporate Resources) was submitted on the Council's Efficiency Statement for 2017/2018.

As part of the Scottish Government's efficiencies agenda, councils had been asked to return information on efficiencies generated in the year.

The level of efficiencies achieved by the Council in 2017/2018 was £19.653 million. This figure took account of the removal of any savings which were not considered to be efficiencies achieved in the year. The efficiency savings did, however, include efficiencies achieved through improved procurement practices and efficiencies identified by the Lanarkshire Valuation Joint Board.

The Council continued to recognise the ongoing requirement to demonstrate efficiency, with continuous improvement remaining a key principle of Best Value.

The Efficiency Statement, which was attached as an appendix to the report, had been forwarded to COSLA by the due date of 17 August 2018.

**The Committee decided:** that the Efficiency Savings figure of £19.653 million for 2017/2018, which had been submitted to COSLA by the due date of 17 August 2018, be noted.

*[Reference: Minutes of 20 September 2018 (Paragraph 6)]*

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

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A report dated 25 October 2018 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 to 14 June 2019.

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 Risk and Audit Scrutiny Committee to 14 June 2019 be noted.

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## **9 Urgent Business**

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There were no items of urgent business.