

RISK AND AUDIT SCRUTINY COMMITTEE

Minutes of meeting held in Committee Room 2, Council Offices, Almada Street, Hamilton on 19 June 2019

Chair:

Councillor Graeme Campbell

Councillors Present:

Councillor Poppy Corbett, Councillor Maureen Devlin, Councillor Mary Donnelly, Councillor Isobel Dorman (*substitute for Councillor Julia Marrs*), Councillor Mark Horsham, Councillor Margaret B Walker

Councillors' Apologies:

Councillor Martin Lennon, Councillor Julia Marrs, Councillor Carol Nugent, Councillor Jim Wardhaugh

Attending:

Finance and Corporate Resources

P Manning, Executive Director (Finance and Corporate Resources); Y Douglas, Audit and Compliance Manager; P MacRae, Administration Officer; G McCann, Head of Administration and Legal Services; J Taylor, Head of Finance (Strategy)

Also Attending:

Audit Scotland

D Richardson, External Auditor

1 Declaration of Interests

No interests were declared.

2 Minutes of Previous Meeting

The minutes of the meeting of the Risk and Audit Scrutiny Committee held on 24 April 2019 were submitted for approval as a correct record.

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

3 Internal Audit Annual Assurance Report 2018/2019

A report dated 3 June 2019 by the Audit and Compliance Manager (Finance and Corporate Resources) was submitted providing:-

- ◆ a summary of progress and performance of Internal Audit for the financial year 2018/2019
- ◆ an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control systems based on audit work undertaken in 2018/2019

Details were given on:-

- ◆ Internal Audit performance
- ◆ Council-wide performance in relation to the delivery of audit actions
- ◆ workload analysis
- ◆ links to the Council's objectives and top risks
- ◆ management of fraud risks

- ◆ areas of assurance
- ◆ areas of external reliance

The overall opinion expressed on the Council's control environment was that a reasonable level of assurance could be placed on the adequacy and effectiveness of the Council's framework of governance, risk management and control arrangements for the year ended 31 March 2019. The Internal Audit findings would inform the Council's 2018/2019 Governance Statement.

Officers responded to members' questions on the following areas of audit work:-

- ◆ Pupil Equity Fund
- ◆ missing medication
- ◆ mobile working, specifically measures in relation to lone workers

The Committee decided:

- (1) that the performance of Internal Audit during 2018/2019 be noted;
- (2) that the level of assurance on the Council's control environment be noted; and
- (3) that it be noted that the overall findings from Internal Audit work would inform the Council's 2018/2019 Annual Governance Statement.

[Reference: Minutes of 13 June 2018 (Paragraph 3)]

4 Annual Governance Statement for 2018/2019 and Good Governance Action Plan Quarter 4 Progress Report

A report dated 4 June 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the Governance Statement for 2018/2019 and the Good Governance Action Plan Quarter 4 end of year report.

Each year, the Council undertook a review of the governance arrangements required to support its financial and operational controls. This review provided the basis for the Annual Governance Statement which was included in the Council's Annual Report and Statement of Accounts.

The annual review for 2018/2019 had been undertaken using an assessment framework which was attached as Appendix 1 to the report. The resulting Annual Governance Statement for 2018/2019, attached as Appendix 2 to the report, provided information on the Council's compliance during 2018/2019. The annual review of governance arrangements across the Council demonstrated sufficient evidence that the principles of delivering good governance in local government, contained in the Local Code of Corporate Governance, operated effectively and that the Council complied with its Code.

Details of progress on improvement actions in 2018/2019, together with improvement actions identified for the 2019/2020 financial year, were provided in the Quarter 4 Good Governance Action Plan end of year update, included as Appendix 3 to the report.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Better Governance Forum Audit Committee Update on "Developing an Effective Governance Statement" was attached as Appendix 4 to the report. This guidance aimed to provide advice and support to Audit Committees in relation to their role in considering how effective the governance arrangements had been in the year and in reviewing the Annual Governance Statement prior to approval and publication.

Members referred to the Community Empowerment Act and stressed the importance of engagement and consultation with communities. It was suggested that consideration be given to holding an Awareness Session for community groups involving the Community, Participation and Development Manager and other relevant Services within the Council.

The external auditor commended officers on the quality of the Annual Governance Statement.

The Committee decided:

- (1) that the Annual Governance Statement, attached as Appendix 2 to the report, which would be included in the 2018/2019 Annual Report and Statement of Accounts, be approved;
- (2) that progress on the Good Governance Action Plan at Quarter 4 2018/2019, detailed in Appendix 3 to the report, be noted; and
- (3) that the CIPFA Better Governance Forum Audit Committee Update on Developing an Effective Governance Statement, attached as Appendix 4 to the report, be noted.

[Reference: Minutes of 13 June 2018 (Paragraph 5)]

5 Unaudited Annual Accounts 2018/2019

A report dated 6 June 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the requirement for members to consider the Unaudited Annual Accounts of the Council and related Charitable Trusts by 31 August 2019.

The Council's Unaudited Annual Accounts detailed key information on the Council's expenditure and income for the financial year ended 31 March 2019. The accounts also covered 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.

The Unaudited Annual Accounts would be advertised as being available for public inspection on the Council's website from 28 June 2019.

The Committee decided: that the Unaudited Annual Accounts of the Council and related Charitable Trusts, to be submitted to Audit Scotland by the deadline of 30 June 2019, be noted.

6 Internal Audit Activity as at 31 May 2019

A report dated 31 May 2019 by the Executive Director (Finance and Corporate Resources) was submitted on work completed by Internal Audit during the period 4 April to 31 May 2019.

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

- ◆ the target of 80% of assignments delivered within budget had been achieved
- ◆ the target of 80% of draft reports delivered on time had been achieved
- ◆ 28% of the 2019/2020 Internal Audit Plan had been started
- ◆ 97% 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%

The findings from assignments completed in the period 4 April to 31 May 2019 were detailed in Appendix 2 to the report. Significant assignments completed in the period were detailed in Appendices 3 and 4 to the report.

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

The Committee decided: that the report be noted.

[Reference: Minutes of 24 April 2019 (Paragraph 3)]

7 Interim Management Report 2018/2019

An interim audit report dated June 2019 by Audit Scotland, the Council's external auditor, was submitted detailing the findings of Audit Scotland's interim audit of the Council for 2018/2019.

The external auditor detailed key findings in relation to the following areas of audit work:-

- ◆ payroll validation
- ◆ late notification of new starts
- ◆ payroll overpayments
- ◆ approval of journal entries

The management responses in relation to the external auditor's findings on each of those areas of work were detailed in the report.

The external auditor also advised of other audit work and discussions undertaken in relation to issues including:-

- ◆ dependency on key suppliers
- ◆ national fraud
- ◆ openness
- ◆ grant claim certification performance

The Committee decided: that the external auditor's interim audit report for 2018/2019 be noted.

8 Financial Resources Scrutiny Forum Activity

A report dated 23 May 2019 by the Executive Director (Finance and Corporate Resources) was submitted on reports considered by the Financial Resources Scrutiny Forum in the period from August 2018 to May 2019.

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

The Committee decided: that the report be noted.

9 Forward Programme for Future Meetings

A report dated 4 June 2019 by the Executive Director (Finance and Corporate Resources) was submitted on the outline forward programme for the meetings of the Risk and Audit Scrutiny Committee to 27 November 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 meetings of the Risk and Audit Scrutiny Committee to 27 November 2019 be noted.

10 Urgent Business

There were no items of urgent business.