
To: **Audit, Risk & Scrutiny Board**

On: **27 August 2018**

Report by: Director of Finance & Resources

Heading: AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT 2017/18

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2017 to June 2018 when the Audit, Risk & Scrutiny Board met six times. The report is submitted to the Board in terms of the Council's Code of Corporate Governance.
- 1.2 Scrutiny enables members to review decisions, policies and performance that affect the Council and helps to ensure that the services and policies meet the Council's aims and standards. The scrutiny process not only provides a means of reviewing the Council's own services but enables examination of services provided by other organisations on issues causing public concern.
- 1.3 During the course of the year members looked at various subjects, including annual reports from other bodies and considered reports from the chief internal auditor and other audit-related matters.

2 Recommendation

- 2.1 That the Audit, Risk & Scrutiny Board annual report be noted.
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3 Issues considered by the Board during 2017/18

3.1 Annual Programme of Reviews

3.1.1 The Board undertakes reviews by examining a subject through consideration of evidence from Council officers, other organisations and service users. Once all the evidence has been collected, the lead officer prepares a report on the Board's behalf outlining the findings and recommendations and following approval by the Board, the report is submitted to the Council for consideration.

3.1.2 At the meeting of the Board held on 27 August 2017 the following reviews were agreed:

- Fly tipping in the countryside and known fly tipping spots; and
- Housing repairs by Council and outside contractors; and that this is the order of priority in which they are undertaken;
- Bus deregulation and its effect on transport services in Renfrewshire;
- The newly-introduced speed limit in Brookfield (A761);
- Maintenance of multi-occupancy accommodation; and
- The effectiveness of Fair Trade.

3.1.3 It was also agreed that in relation to the reserve topics of Council Tax exemptions and Japanese knotweed in our gardens and landscapes that a full investigation was not required but that reports should be included in the annual programme. The report in relation to Council Tax exemptions was submitted to the Board on 29 May 2017 for consideration and included information relating to exemptions and discounts and highlighted the new ways of providing customers with information, including the new customer portal. The report on Japanese knotweed is the subject of a separate report on the agenda for this meeting.

3.1.4 At the meeting of the Audit, Risk & Scrutiny Board held on 6 November 2018, a further review on conversion of grassed areas to parking was agreed as part of the 2017/18 programme. To date five reviews are still outstanding:

- bus deregulation and its effect on transport services in Renfrewshire;
- the newly-introduced speed limit in Brookfield (A761);
- maintenance of multi-occupancy accommodation;
- the effectiveness of Fair Trade: and
- conversion of grassed areas to parking

3.1.5 During the period of this report, the Audit, Risk & Scrutiny Board heard evidence in relation to fly-tipping in the countryside and known fly-tipping spots and housing repairs by the Council and outside contractors.

3.1.6 The final report for the housing repairs by the Council and outside contractors is set out in separate report on the agenda for this meeting. The final report for fly-tipping in the countryside and known fly-tipping spots will be submitted to the Audit, Risk & Scrutiny Board on 25 September 2018.

- 3.1.7 The annual programme 2018/19 is the subject of a separate report on the agenda for this meeting.

3.2 Training

- 3.2.1 In line with national guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of audit committee principles in Scottish local authorities, briefings on audit and risk-related matters is provided to members of the Board. During the period covered by this report, Board members agreed and commenced a programme of briefings which included: the role of the Audit Committee; cyber security risk and control; and the role of Internal Audit.

3.3 Audit and Related Matters

- (a) **Audit of Accounts** - The Board at the meeting held on 26 September 2017 considered a report relative to the audit of the Council's 2016/17 accounts. The report outlined Audit Scotland's findings and it was noted that in order to comply with the Local Authority Accounts (Scotland) Regulations 2014 the audited financial statements would be presented to the Council for approval at its meeting on 28 September 2017.
- (b) **Annual Internal Audit Plan 2018/19** – The Board at the meeting held on 19 March 2018 agreed a risk-based audit plan for 2018/19. The plan considered the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which would provide assurance on the robustness of key internal controls, the plan sought to reflect the key priorities and challenges for the Council. Progress on the 2018/19 annual audit plan and summaries on the findings and conclusions of each audit assignment are reported to the Board on a quarterly basis.
- (c) **Audit Scotland Annual Audit Plan 2017/18** – The Board at the meeting held on 22 January 2018 considered a report which outlined Audit Scotland's approach to the audit of the 2017/18 financial statements of the Council and the charities it controlled to assess whether they provided a true and fair view of the financial position of the Council, and whether they had been prepared in accordance with proper accounting practice. The plan outlined the responsibilities of Audit Scotland and the Council, their assessment of key challenges and risks and the approach and timetable for completion of the audit.
- (d) **Strategic, Corporate and Service Risks** – The Board at the meeting held on 29 May 2018 considered the Strategic, Corporate and Service Risks and Risk Management Plans 2018/19 for each service of the Council. Each service identified risks for ongoing monitoring and review and identified planned management actions to prevent and/or mitigate those risks.

- (e) **Risk Management Annual Report** – The Board at the meeting held on 29 May 2018, considered a report which outlined the corporate risk management activity that had taken place during 2017/18 in relation to the Council's risk management arrangements and strategic risk management objectives. The report provided an overview of key achievements for corporate-led risk management activity during 2017/18 and gave assurance to internal and external stakeholders of the adequacy and effectiveness of risk management arrangements applied during 2017/18.
- (f) **Accounts Commission and Audit Scotland Reports** – during the period covered by this report, the Board considered reports concerning Roles and Working Relationships in the Council; Self Directed Support; and Equal Pay in Scottish Councils. Each report highlighted key points and the Council position where available. The Board at the meeting held on 29 May 2018 also considered Audit Scotland's Management Report for Renfrewshire Council which identified key issues over the course of 2017/18. The report contained a summary of Audit Scotland's findings and outlined management action to address the issues raised.
- (g) **Annual Complaints 2016/17** – The Board at the meeting held on 19 March 2018 considered a report which detailed complaints received by the Council during 2016/17 and how this information had been used to ensure that the Council delivered high quality, efficient and responsive services. A summary was included of the numbers and types of complaints received, responded to within timescales, customer satisfaction monitoring and key complaint areas including what was being done to address the issues raised. The report advised that there had been a decline in the number of complaints the Council had received from 6860 in 2015/16 to 6364 for 2016/17 and the report identified how the information provided in complaints had been used to improve services.
- (h) **Internal Audit Charter** – The Board at the meeting held on 28 August 2017 considered a report which presented the new Internal Audit Charter. The Charter had been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. It had been agreed previously that the Internal Audit Charter would be reviewed annually and the report outlined changes that had been made since the last update in September 2016.
- (i) **Local Scrutiny Plan 2018/19** – The Board at the meeting held on 29 May 2018 considered the Local Scrutiny Plan 2018/19, which was prepared each year by the Local Area Network. The conclusion at the end of this year's shared risk assessment was that no risks had been identified which required specific scrutiny. However, audit and inspection work would continue to take place and the Council would also be subject to a range of scrutiny that was part of national activity.

- (j) **Corporate Governance** – The Board at the meeting held on 19 March 2018 considered a report which reviewed the Council's Local Code of Corporate Governance and provided evidence of how the Council complied with the code. The report advised that the code placed emphasis on relationships and behaviours between elected members and senior management; performance reporting; and council and service level plans. The code also reflected the increased importance placed by the Council on self-assessment and activities involving scrutiny of services. It also linked in with the Best Value criteria where governance and accountability were key elements against which the Council was assessed.

In addition, the Board considered a report at the meeting on 29 May 2018 which contained the annual governance statement for 2017/18 which took account of the Internal Audit Annual Report and Director's evaluation of the operation of the governance arrangements within each service area.

Both reports demonstrated that strong governance arrangements were in place within the Council and that Councillors and Officers were working together to lead and manage the Council in order to provide vital public services.

- (k) **Internal Audit Annual Report 2017/18** - The Board at the meeting held on 29 May 2018 considered the annual report on the activities of the Council's Internal Audit section during 2017/18, which detailed internal audit activity, purpose, authority and responsibility as well as performance relative to its plan. The annual report also provided an annual audit opinion of the overall adequacy and effectiveness of the Council's internal control environment and included details of significant risk exposures, control issues and other matters that could be used to inform the governance statement.
- (l) **Local Government Benchmarking Framework Indicator Profile 2016/17** – The Board at the meeting held on 19 March 2017 considered a report which intimated that the Council had a robust performance management framework in place which ensured that performance was monitored by corporate and service level management teams and scrutinised by elected members. The report set out the mechanisms by which the monitoring of Council services was undertaken and provided key messages for the Council from the 2016/17 indicator profile against each of the 75 indicators. The report provided detailed information relating to the performance of similar councils which had been placed into 'family groups' with Renfrewshire and provided further context on performance across the broad service areas for elected members' scrutiny.
- (m) **Internal Audit Findings** – The Board considered quarterly reports on the findings of internal audit in terms of national guidance produced by CIPFA on the implementation of audit committee principles in Scottish local authorities, in line with which internal audit submitted regular reports on the findings of audit work to the Board based on the work of internal audit and detailing the key issues arising.

- (n) **Internal Audit and Counter Fraud Progress and Performance** – The Board considered regular reports which detailed progress and performance in terms of delivery of the audit plans for the internal audit and counter fraud. The Director of Finance & Resources had set annual targets to demonstrate continuous improvement. In terms of counter fraud, due to the diverse nature of fraud referrals, no formal performance targets had been established and the outcomes from investigations were monitored on a regular basis by management.
- (o) **Absence Statistics** - The Board considered quarterly reports on absence returns with the statistics broken down by service and category of staff, including information relative to absence targets and how services had performed against them. Information was also provided on supporting attendance activity and the costs of sick pay.
- (p) **Internal Audit Reporting to Board** – the Board at the meeting held on 19 March 2018 considered a report which indicated that a peer review process by West Lothian Council's Audit, Risk and Counter Fraud Manager had identified that there was scope to improve the information provided to the Board in relation to finalised audit engagements and follow up work. The recommendation had been reiterated in Audit Scotland's annual review of the adequacy of Internal Audit for the period to 31 March 2017. The Chief Auditor undertook to review the information provided to Board in relation to completed audit engagements by September 2017 and the arrangements for reporting on follow up work by March 2018. The Board had requested that in relation to those recommendations that were critical, the Chief Auditor gave consideration as to whether more detailed information could be provided to the Board.

The Chief Auditor was satisfied that the enhanced reporting to Board that had been put in place along with enhanced representation from service management at Board meetings fully supported the Board in their role as the audit committee, complied with the PSIAS and met the best practice standard as set out in the CIPFA "Audit Committees, Practical Guidance for Local Authorities" publication.

- (q) **Summary of Outstanding Internal Audit Recommendations** – The Board at the meeting held on 28 May 2018 considered a report in relation to follow up work to ensure internal Audit recommendations had been implemented. The report provided an update position in respect of recommendations not implemented by service management by their due date.
- (r) **Records Management Plan Update** – the Board at the meeting held on 28 August 2017 considered a report which detailed the annual review of the Council's Records Management Plan (RMP) to guide continual improvement of its record keeping. The report noted that the RMP not only offered compliance with the Public Records (Scotland) Act 2011 but also aimed to guide improvements in record keeping for the overall betterment of the Council and its work. The report advised that continual auditing and assessing of the RMP was an important element of its successful implementation and annual reports were an important part of that.

3.4 Annual Reports by other Bodies

- (a) **Scottish Public Services Ombudsman (SPSO)** – The Board at the meeting held on 22 January 2018 considered a report which highlighted that Local Government remained the sector about which the SPSO received most complaints being 37% of the SPSO's total caseload for 2016/17 with the NHS again receiving the second highest number 34%. The report highlighted that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 47 compared with 56 in 2015/16. During the period covered by the report the SPSO determined 49 complaints against the Council. Received and determined numbers did not tally as complaints determined included cases carried forward from previous years. Of the 49 complaints determined during the period, five were investigated; three were fully upheld; one was partly upheld; and one was not upheld.
- (b) **Commission for Ethical Standards in Public Life in Scotland: Annual Report 2016/17** – The Board at the meeting held on 6 November 2017 considered a report which detailed the work of the Commissioner during the year, provided details of the investigation of complaints about the conduct of councillors, members of devolved public bodies, MSPs and scrutiny of Scotland's ministerial public appointments process. The report advised that the volume and complexity of conduct complaints had decreased by 20%. The largest category of complaints related to disrespect and appeared to be increasing as a percentage of the total volume of complaints received.

Nationally during 2016/17 the Commissioner received 174 complaints about councillors and the subject matter of the complaints was detailed in the report. No specific figures for Renfrewshire Council were included in the report. However, information had been received separately from the Commissioner that, during the period covered by the report four complaints had been received against Renfrewshire councillors compared with six in 2015/16. During the period covered by the report a hearing was held into a complaint concerning Councillor Mack.

The report noted that, as part of the programme of events and development opportunities for councillors a briefing had been provided on 10 May 2017 on Standards and Ethics in Public Life and Roles and Responsibilities which included specific guidance on the Code of Conduct for Elected Members and on registering and declaring an interest.

Implications of the Report

1. **Financial - none**
 2. **HR & Organisational Development - none**
 3. **Community/Council Planning – none**
 4. **Legal - none**
 5. **Property/Assets - none**
 6. **Information Technology – none**
 7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety - none**
 9. **Procurement - none**
 10. **Risk - none**
 11. **Privacy Impact - none**
 12. **Cosla Policy Position n/a**
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