

Notice of Meeting and Agenda Audit, Risk and Scrutiny Board

Date	Time	Venue
Monday, 28 August 2017	10:00	Corporate Meeting Room 2, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Tom Begg: Councillor Stephen Burns: Councillor Michelle Campbell: Councillor Alison Jean Dowling: Councillor Neill Graham: Councillor Jim Harte: Councillor Emma Rodden:

Councillor Bill Binks (Convener): Councillor Jim Sharkey (Depute Convener):

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx

For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

- | | | |
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| 1 | Training for Audit, Risk & Scrutiny Board Members | 5 - 20 |
| | Report by Chief Auditor. | |
| 2 | Summary of Internal Audit Reports for Period to 30 June 2017 | 21 - 28 |
| | Report by Chief Auditor. | |
| 3 | Internal Audit and Counter Fraud Progress and Performance for period to 30 June 2017 | 29 - 34 |
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| 5 | Review of the Adequacy of Internal Audit for the Period to 31 March 2017 | 43 - 48 |
| | Report by Chief Auditor. | |
| 6 | Risk Management Annual Report | 49 - 62 |
| | Report by Director of Finance & Resources. | |
| 7 | Absence Statistics - 2017/18 Quarter 1 | 63 - 72 |
| | Report by Director of Finance & Resources. | |
| 8 | Records Management Plan Update | 73 - 78 |
| | Report by Director of Finance & Resources. | |
| | AMENDED REPORT AT BOTTOM OF AGENDA. | |
| 9 | Accounts Commission - Roles and Working Relationships in Councils - Are you Still Getting it Right? | 79 - 90 |
| | Report by Director of Finance & Resources. | |
| 10 | Audit, Risk & Scrutiny Board - Annual Report 2016/17 | 91 - 98 |
| | Report by Director of Finance & Resources. | |

**11 Audit, Risk & Scrutiny Board - Annual Programme
2017/18**

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Report by Director of Finance & Resources.



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Chief Auditor

Heading: Training for Audit, Risk and Scrutiny Board Members

1. Summary

- 1.1 In line with national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities, training on audit and risk related matters is being provided to members of the Audit, Risk and Scrutiny Board.
- 1.2 As part of the elected member induction programme it was agreed that training would be provided to members of the Audit, Risk and Scrutiny Board on the Role of the Audit Committee.
- 1.3 A further proposed programme of training briefings is outlined at Appendix 1 which will be delivered at alternate board meetings, and at Appendix 2 the outline for the briefing at the current meeting on "The Role of the Audit Committee".
-

2. Recommendations

- 2.1 Members are asked to note the content of the current training briefing.
- 2.2 Members are asked to approve the proposed programme of training briefings.

Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning –
Safer and Stronger** – an effective audit committee is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - training for elected members on audit and risk-related matters reflects audit committee principles
11. **Privacy Impact** – None
12. **COSLA Implications** - None

Author: Andrea McMahon – 01416187017

Appendix 1

Date	Topic
28 August 2017	The Role of the Audit Committee
6 November	Risk Management
TBC	Understanding Financial Statements
TBC	The Role of Internal Audit
TBC	The Role of External Audit

Training for Audit, Risk and Scrutiny Board Members

Appendix 2

Role of the Audit Committee

28 August 2017



Overarching Governance Arrangements

- No statutory obligation for a local authority to establish an audit committee
- Local authority should determine the arrangements which best suit its circumstance
- Audit, Risk and Scrutiny Board
- Audit Panel

Audit Committee Principles

Principal 1

- **The Control Environment**
- Independent assurance of the adequacy of the risk management framework and the associated control environment within the authority

Principal 2

- **Risk Related Performance**
- Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment

Principal 3

- **Annual Accounts and the External Auditor**
- Assurance that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts are properly dealt with.

High Level Objectives

- Concerned with governance, risk and control across the Council
- Focus on controls that protect against the highest risks
- Gain assurance that the critical risks are being managed appropriately
- Should be satisfied that the work of Internal (and to some extent External Audit) is properly focussed

Risk Related Performance

- Effectiveness of the corporate risk assessment process
- Significant risk related performance issues raised by auditors/inspectors
- Implementation of improvement action plans

The Control Environment

- Approval of the annual internal audit plan
- Monitoring achievement of the internal audit plan
- Review of summary findings, main issues and implementation of recommendations
- Audit risk assessment has been carried out
- Annual Report and assurance statement
- Relationship between internal audit, external audit and inspection agencies
- Promote the value of the audit process

Annual Accounts and the External Auditor

- Audit certificate and consideration of matters arising
- Annual report to members
- Implementation of agreed action plans
- External audit reports, main issues and implementation of recommendations

Administration

- Formally constituted committee, reporting to council
- Terms of reference
- Political balance
- Training and development
- Timely agenda and papers
- Attended by internal and external audit

Members of the Audit Committee

- Good understanding of the council as a whole
- Good understanding of internal control
- Objective and independent of mind
- Independence from political groupings
- Mix of skills (including financial expertise)
- Participate in training
- Challenging and seek assurance

Benefits of Effective Audit Committees

- Raising awareness of internal control
- Public confidence in financial and other reporting
- Reinforce the importance and independence of internal and external audit
- Provide additional assurance through objective and independent review
- Reduce the risk of illegal or improper acts

Questions?



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period to June 2017

1. Summary

1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. To comply with this requirement Internal Audit submits regular reports on the findings and conclusions of audit engagements to the Audit, Risk and Scrutiny Board.

1.2 Appendix 1 provides details those audit engagements completed during the period 16 May to 30 June 2017 with the overall assurance rating and the number of recommendations in each risk category. The committee summary for each report is also attached. For each audit assignment where recommendations have been made, the relevant managers have put action plans in place to address the issues raised.

1.3 In addition to the reports listed in the Appendix, Internal Audit has an ongoing commitment to:

- A range of corporate and service initiatives;
- Progressing of information security matters in partnership with ICT and Legal Services;
- The regular provision of advice to departmental officers;
- The provision of internal audit services to the associated bodies for which Renfrewshire Council is the lead authority and to Renfrewshire Leisure Ltd and Renfrewshire Health and Social Care Integrated Joint Board;
- Co-ordination of the Council's corporate risk management activity;

- Management of the counter fraud team;
 - Management of the risk management and insurance team.
-

2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Audit Findings reported during the period from 16 May to 30 June 2017.
-

Implications of the Report

1. **Financial** - None
 2. **HR & Organisational Development** - None
 3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
 4. **Legal** - None
 5. **Property/Assets** - None
 6. **Information Technology** - None
 7. **Equality & Human Rights** – None
 8. **Health & Safety** – None
 9. **Procurement** - None
 10. **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.
 11. **Privacy Impact** – None
 12. **COSLA Implications** - None
-

Author: Karen Campbell – 01416187016

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 16 May – 30 June 2017

Category	Service	Engagement	Assurance Rating	Recommendation Risk Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Children's Services	Examination and Assessment Procedures	Substantial	0	0	1	0
Assurance	Community Resources	Catering Income Checks	Limited	2	8	6	2
Grant Certification	Community Resources	SPTTE grants	Not Applicable (note1)	N/A	N/A	N/A	N/A

(note1) – There is no committee summary for grant certification work.

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> There is a sound system of internal control designed to achieve the objectives of the area being reviewed. The control processes tested are being consistently applied.
Reasonable Assurance	<ul style="list-style-type: none"> The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	<ul style="list-style-type: none"> Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	<ul style="list-style-type: none"> Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Risk Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report

Children's Services

Examination and Assessment Procedures (A0109/2016/001)

A0109/2016/001

Date: May 2017

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Adequate arrangements are in place to demonstrate that the key controls relating to candidate assessment, as set out in the Renfrewshire SQA process manual are being complied with;
2. SQA Co-ordinators demonstrate that they fully understand their role in the process.

Audit Scope

1. Identified the key controls from the operational guidance checklist and prepared a series of questions for discussion with Co-ordinators.
2. Selected a sample of 2 schools and discussed the actual arrangements in place to demonstrate compliance with the key controls.
3. Reviewed and assessed the evidence to support compliance.

Key Audit Assurances

1. For the sample of schools visited, there are adequate arrangements in place to demonstrate that the key controls relating to candidate assessment, as set out in the Renfrewshire SQA process manual are being complied with.
2. The SQA Co-ordinators we met with demonstrated that they fully understood their role in the SQA process.

Key Risks

1. There were no key risks identified during the audit.

Overall Audit Opinion

The audit has provided substantial assurance that key controls relating to candidate assessment are in place in the 2 schools visited and that the relevant SQA Co-ordinators understand their role in the SQA process.

Internal Audit Report

Community Resources

Catering Income Checks (A0023/2016/001)

A0023/2016/001

Date: June 2017

COMMITTEE SUMMARY

Audit Objectives

To ensure that schools are following the established guidance for recording and checking catering income.

Audit Scope

1. Obtained the most recent guidance issued to schools for recording catering income.
2. Prepared a checklist of expected controls
3. Selected 4 schools to visit and assess compliance.

Key Audit Assurances

1. No key assurances can be given at this time.

Key Risks

1. The risk of loss and error is increased due to the current practices of;
 - monies collected not being locked away at some schools during the working day and
 - banking of catering monies being prepared by one person.

Overall Audit Opinion

The audit review provided limited assurance over arrangements in place for recording and checking of catering income. Recommendations have been made in relation to security of cash, segregation of duties when preparing monies for banking, record keeping and updating Catering Procedures. Once implemented these should increase the control environment to a satisfactory level in accordance with laid down procedures.



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 30 June 2017

1. Summary

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Scrutiny and Petitions Board on 20 March 2017. Internal Audit measures the progress and performance of the team on a regular basis using a range of performance indicators. This report monitors progress from 1 April 2017 to 30 June 2017, in terms of the delivery of the Audit Plan for the year and compares actual performance against targets set by the Director of Finance and Resources.
- 1.2 In terms of Counter Fraud, no formal performance targets for fraud investigation have been established for the following reasons. A major part of their work involves being the single point of contact for DWP's Single Fraud Investigation Service and the Service Level Agreement for this work contains time targets for completing this work. A great deal of effort over the last year has been on increasing fraud awareness amongst employees to prevent fraud from occurring against the Council. The types of fraud referrals received to date are wide ranging and the team's objective is to concentrate on investigating those referrals considered to contain the greatest fraud risk.
- 1.3 The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2017 to 30 June 2017.

2. Recommendations

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 June 2017.
-

3. Background

- 3.1 The progress and performance of the Internal Audit Team is subject to regular monitoring using a number of performance measures. The Director of Finance and Resources has set annual targets for the team to demonstrate continuous improvement. In terms of the Counter Fraud team, there are time targets in place for responding to requests from the DWP's Single Fraud Investigation Service. Due to the diverse nature of fraud referrals no formal performance targets have been established and the outcomes from investigations is regularly monitored by management.
- 3.2 Internal Audit and the Counter Fraud Team support a variety of local and national initiatives through participation in professional practitioner groups and co-ordination of national initiatives such as the National Fraud Initiative.
- 3.3 This report measures the progress and performance of both the Internal Audit and Counter Fraud Team for the period from 1 April 2017 to 30 June 2017.

4. Internal Audit Team Performance

(a) Percentage of audit plan completed as at 30 June 2017

This measures the degree to which the Audit plan has been completed

Actual 2016/17	Annual Target 2017/18	Audit Plan Completion Target to 30 June 2017	Audit Plan Completion Target to 30 June 2017
91.8%	95.0%	20%	23.05%

Actual performance is currently ahead of target.

(b) **Percentage of assignments completed by target date**

This measures the degree with which target dates for audit work have been met.

Target 2016/17	Actual to 30 June 2017
95.0%	100%

Actual performance is ahead of the target set for the year.

(c) **Percentage of audit assignments completed within time budget**

This measures how well the time budget for individual assignments has been adhered to.

Target 2016/17	Actual to 30 June 2017
95.0%	100%

Actual performance is ahead of the target set for the year, although this is likely to reduce over the remainder of the year.

(d) **Percentage of audit reports issued within 6 weeks of completion of audit field work**

This measures how quickly draft audit reports are issued after the audit fieldwork has been completed.

Target 2016/17	Actual to 30 June 2017
95.0%	100%

Actual performance is ahead of the target set for the year.

5 Counter Fraud Team Progress and Performance

- 5.1 In line with the Service Level Agreement, the Counter Fraud Team act as the Single Point of Contact (SPOC) to route potential housing benefit fraud referrals to the DWP, liaise with the Council's Housing Benefit Team and DWP Fraud Officers and retrieve the necessary evidence for the DWP Fraud Officers from the Housing Benefit System. The resource that has been required for this role continues to be at least one FTE Counter Fraud Officer.
- 5.2 Housing Benefit matches arising from the National Fraud Initiative 2016/17 have been reviewed and relevant cases have been referred to the DWP for investigation. Fraud awareness training sessions have also been delivered to Housing Benefit Teams, jointly with the DWP.
- 5.3 The remainder of the Corporate Counter Fraud resource is currently being utilised to investigate non-benefit fraud referrals received to date in areas such as tenancy, revenues and education. In the quarter

ending June 2017, we have been successful in 14 Council Tax Reduction investigations, identifying over £8,400 to be recovered. Savings of £6,700 from the Scottish Welfare Fund which can be used for those most in need. One council house property has been recovered back into housing stock.

- 5.4 The team are engaging with services to raise awareness of the work the Counter Fraud Team can undertake to mitigate and investigate fraud.
- 5.5 The Policy for the Prevention and Detection of Fraud and Corruption is currently being updated. We aim to have this agreed with Senior Management by September and then it will be submitted to this Board.
- 5.6 We also participate in the Scottish Local Authorities Investigators Group. The group have developed a draft Information Sharing Protocol which can be used by all Scottish Local Authorities to facilitate the sharing of information between Authorities for the purpose of the prevention and detection of fraud, this is currently out for consultation with the other Local Authorities. In addition, we are working with this group to develop decide on a suitable format for collating the results obtained by all Local Authority Fraud Teams.

6. External Quality Assessment

- 6.1 Our External Quality Internal Audit Assessment was undertaken by West Lothian Council and reported upon during 2016/17. We are currently progressing the 4 improvement actions which were raised during this review.

7. Scottish Local Authorities Chief Internal Auditors' Group

- 7.1 This group held their Internal Audit Conference, titled "Transformation and the Role of Internal Audit" in June 2017. The aim of this conference was to establish the future direction of Internal Audit in alignment to the change and transformation that continues to affect the Public Sector and to chart a way forward in a collective way. The conference comprised of a mix of presentations from speakers from various organisations and group workshops which resulted in a very well received and informative conference.

8. Audit Management System

- 8.1 Our new audit management system has now been developed satisfactorily to enable us to record the work undertaken for all planned engagements and prepare reports for management. We are now currently finalising the automatic preparation of our performance measurement data and our next task is to finalise how contingency and investigative work will be record within the system.

9. Local and National Initiatives

- 9.1 Internal Audit are involved in the work of the Council's Integrity Group. Work is underway to map the organisational fraud and corruption risks, with workshops having been undertaken with all the Council Services management teams to identify their corruption and fraud risks.
- 9.3 We continue to be involved in the management and security of the Council's information and we have representation on the Information Security and Information Management Governance Groups.
- 9.4 The Counter Fraud Team are continuing to work on the matches which have arisen from participation in the National Fraud Initiative. The work has been split between the Council Services and this team, with the Chief Auditor having overall responsibility ensuring the appropriate investigations into the results are undertaken and that the outcomes are recorded.
- 9.5 Internal Audit continue to have an ongoing involvement in the new Enterprise Resource Planning Project with the Chief Auditor participating in the Project's Business Design Authority.

Implications of the Report

1. **Financial** - The Council has in place arrangements to recover the any overpayments identified from the work of the Counter Fraud Team and the National Fraud Initiative.
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None

10. **Risk** - The progress and performance reported relates to the delivery of the risk-based internal audit plan and the mitigation of the risk of fraud and error.
11. **Privacy Impact** – None
12. **COSLA Implications** - None

Author: Karen Campbell – 01416187016



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Chief Auditor

Heading: Internal Audit Charter

1. Summary

- 1.1. It has been agreed that the Internal Audit Charter would be reviewed annually. It was last updated in September 2016 to take account of the revised Public Sector Internal Audit Standards (PSIAS).
 - 1.2. This report presents the new Internal Audit Charter (Appendix 1) that has been amended to take account of the changes in Board Structure and the Council's Associated Bodies.
 - 1.3. No other material changes are required to the Internal Audit Charter.
-

2. Recommendations

- 2.1 Members are asked to approve the Internal Audit Charter.
-

Implications of the Report

- 1. **Financial - None**
- 2. **HR & Organisational Development – None**

3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - Conformance with the PSIAS mitigates the risk of the Internal Audit Service being ineffective.
11. **Privacy Impact** – None
12. **COSLA Implications** - None

Author: Karen Campbell – 01416187016

INTERNAL AUDIT CHARTER



INTRODUCTION:

Internal Audit is an independent and objective assurance and consulting activity designed to add value and improve the operations of Renfrewshire Council. It assists Renfrewshire Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

MISSION:

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

DEFINITION OF ROLES:

The Public Sector Internal Audit Standards require that the Internal Audit Charter defines the terms 'board', 'senior management' and 'Chief Audit Executive' in relation to the work of Internal Audit. For the purposes of the Internal Audit work function at Renfrewshire Council:

- the 'board' refers to the Audit, Risk and Scrutiny Board which has delegated responsibility for overseeing the work of Internal Audit;
- 'senior management' is defined as the Council's Corporate Management Team which oversees the work of Internal Audit in its capacity as the Audit Panel; and
- 'Chief Audit Executive' refers to the Chief Auditor.

PROFESSIONALISM:

Renfrewshire Council's Internal Audit service will comply with the PSIAS which encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), including the *Definition of Internal Auditing*, the *Core Principles for the Professional Practice of Internal Audit*, the *Code of Ethics*, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing in the public sector and for evaluating the effectiveness of the internal audit activity's performance.

The internal audit service will adhere to Renfrewshire Council's relevant policies and procedures and the internal audit manual which sets out the internal audit activity's standard operating procedures.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

AUTHORITY:

The authority of Internal Audit is set out in the Council's Financial Regulations and Codes. Internal Audit will safeguard all information obtained in the carrying out of its duties and will only use it for the purposes of an audit, investigation, or consultancy work. Internal Audit has authorised full, free, and unrestricted access to any and all of Renfrewshire Council's records, physical properties, and personnel pertinent to carrying out any engagement. Internal Audit will make no disclosure of any information held unless this is *authorised* or there is a legal or professional requirement to do so. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

ORGANISATION:

The Chief Auditor will report functionally to the Board and administratively (i.e. day to day operations) to the Director of Finance and Resources. The Chief Auditor will communicate and interact directly with the Board, including in Board meetings and between Board meetings as appropriate. The Chief Auditor may report direct to the Chief Executive, Board members or the Council regarding any matters of concern that could place the Council in a position where the risks it faces are unacceptable or the independence of Internal Audit is under threat.

INDEPENDENCE AND OBJECTIVITY:

Internal Audit is an independent review activity. In conducting its activities, Internal Audit activity will remain free from any undue influence or other pressure affecting its actions and reporting. This includes matters of audit selection, scope, procedures, frequency, timing, or report content.

Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. It is the responsibility of the Council's managers to ensure that the management of the areas under their control is adequate and effective and that their services have a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Where the Chief Auditor has responsibility for operational activities the periodic review of these activities will be conducted by parties independent of the Internal Audit function.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Auditor will confirm to the board, at least annually, the organisational independence of the internal audit activity.

RESPONSIBILITY:

The Council's Internal Audit Service adds value to the Council by providing objective and relevant assurance, and contributing to the effectiveness and efficiency of governance, risk management and control processes.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. This includes:

- Independent review and appraisal of the control environment throughout the organisation.
- Providing assurance to management and the Board that the established systems ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organisation.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or projects to ascertain whether results are consistent with established objectives and goals and whether the operations or projects are being carried out as planned.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Supporting the Council to improve its internal control, governance and risk management processes.
- Evaluating the extent to which risks have been identified and managed to achieve the Council's objectives.
- Working in partnership with external auditors and other review bodies to coordinate activities with internal audit to avoid duplication and seek to rely on the work of these other assurance providers where professional standards and the nature and quality of the work they have undertaken would make it appropriate to do so.
- Undertaking consulting and advisory services related to governance, risk management and control as appropriate for the organisation.

- Supporting the Chief Executive (Head of Paid Services), the Director of Finance and Resources (Chief Financial Officer) and the Head of Corporate Governance (Monitoring Officer) in the discharge of their statutory duties;
- Encouraging a culture of personal and corporate responsibility and accountability through the promotion of anti-fraud and corruption and ethical values.
- Having the right of access to examine the accounts and other financial records and data of external organisations as set out in the conditions of funding or other agreement.
- Investigating any suspicion of fraud, irregularity or corrupt practice in accordance with the Council's Defalcation procedures.

INTERNAL AUDIT PLAN:

The authority for the production and execution of the audit plan rests with the Chief Auditor. The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the Board. At least annually, the Chief Auditor will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as resource requirements for the next financial year.

The Chief Auditor will communicate the impact of any resource limitations and any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic performance reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Chief Auditor or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. The results of each internal audit engagement will also be communicated to senior management and the Board.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within 3 weeks) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations.

PERIODIC ASSESSMENT:

The Chief Auditor will at least annually, report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Annual reporting will also provide an annual audit opinion on the overall adequacy and effectiveness of the Council's internal control environment, and include details of any significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

In addition, the Chief Auditor will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement programme, including results of internal assessments and external assessments conducted at least every five years.

PROVISION OF SERVICES TO ASSOCIATE/OTHER BODIES:

The Chief Auditor provides internal audit services to various associate bodies and the principles of this Audit Charter apply to those associate bodies by means of a service level agreement between the Council and the body:

Associate Body	Defined 'Board'	Defined "Senior Management"
Renfrewshire Valuation Joint Board	Joint Board	Assessor and Electoral Registration Officer
Clyde Muirshiel Park Authority	Joint Committee	Park Manager
Renfrewshire Leisure Ltd	Board of Directors	Chief Executive
Scotland Excel	Joint Committee	Director
Glasgow and Clyde Valley Strategic Development Planning Authority	Joint Committee	Strategic Development Plan Manager

The Chief Auditor is the appointed internal auditor for the Renfrewshire Health and Social Care Integration Joint Board. Services are provided under the Internal Audit Charter for that Board.

The Chief Auditor may provide internal audit services to other organisations, on a commercial basis, if this is in the interests of Renfrewshire Council.

APPROVAL

The Internal Audit Charter will be approved by the Board and shall be subject to regular review by the Chief Auditor in consultation with senior management.

Effective date 28 August 2017



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Chief Auditor

Heading: Review of the Adequacy of Internal Audit for the period to 31 March 2017

1. Summary

- 1.1 As part of their audit work, External Audit carry out an annual review of the adequacy of internal audit, as part of the assessment of the control environment.
 - 1.2 For 2016/17, they reported that “overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS). However there are areas where we have identified recommendations for improvement”
 - 1.3 The full letter, including the action plan relating to the improvement recommendations, is attached for reference at Appendix 1 to this report.
-

2. Recommendations

- 2.1 Members are asked to note the content of the report.
-

Implications of the Report

- 1. **Financial - None**
- 2. **HR & Organisational Development – None**

3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - Conformance with the PSIAS mitigates the risk of the Internal Audit Service being ineffective.
11. **Privacy Impact** – None
12. **COSLA Implications** - None

Author: Karen Campbell – 01416187016

Sandra Black
Chief Executive
Renfrewshire Council
Renfrewshire House
Cotton Street
Paisley
PA1 1UJ

15 June 2017

Dear Sandra

Renfrewshire Council
Review of the Adequacy of Internal Audit for the period to 31 March 2017

The internal audit provision provided by the in house team is an integral part of 'operational management arrangements' and the effectiveness of internal audit is considered to be an important factor in our evaluation of the control environment and assessment of audit risk.

We are required to comply with International Standard on Auditing 610 (Using the work of Internal Auditors) and Audit Scotland's Code of Audit Practice ("the Code"). As part of the assessment of the control environment in each period's planning arrangements, we are required to:

- carry out a review of Renfrewshire Council's internal audit arrangements
- report on any deficiencies that are identified
- seek management's agreement to remedy any deficiencies that are identified.

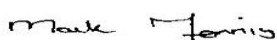
Audit findings

We have completed our assessment of internal audit. Overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS). However there are areas where we have identified recommendations for improvement and these are detailed in the Action Plan included in Appendix 1.

We have taken a substantive approach to the 2016/17 audit which reduces the level of controls testing carried out. As a result, we will not be placing formal reliance on the controls work undertaken by internal audit. We will review internal audit reports that are relevant to our work to help with our understanding of the systems and processes at Renfrewshire Council but these will not be used to support our opinion in the financial statements.

Should you have any queries please do not hesitate to contact me.

Yours sincerely



Mark Ferris
Senior Audit Manager

cc Andrea McMahon (Chief Auditor)
Alan Russell (Director of Finance and Resources)

Appendix 1: Action Plan

No. Action Point		Agreed Action	Responsible Officer	Target Date
Financial Codes and Fraud Policies Update				
1	Internal audit is responsible for updating the Corporate Fraud Policy and the Financial Codes. Updates to both documents have still to be completed. There is training and supporting policies in place to assist staff while the updates are taking place. However, there is a risk that some staff may not be fully aware of the fraud and financial management procedures if they have not attended training or read all the supporting policies.	The Counter Fraud Policy and Strategy is currently being updated to reflect changes to processes. Once finalised it will be submitted to the Audit, Risk and Scrutiny Board for approval. The Financial Codes will be updated to reflect the current governance arrangements.	Chief Auditor	November 2017
Completion of Internal Audit Plan				
2	A review of the 2016/17 Internal Audit Plan was undertaken. Four audits have been carried forward into 2017/18 as continuance audits. This is a higher number of audits carried forward than prior years. These have been budgeted for as contingency audit activity within the 2017/18 Internal Audit Plan. Internal audit completed 91.8% of the 2016/17 plan against a target of 95%. There is a risk that the contingency time required to complete the continuance audits will reduce the flexibility to address unforeseen workload pressures during 2017/18.	While the number of continuance audits carried forward at the year end was higher than in previous years, Internal Audit has additional flexibility in the budget to buy in additional resource if necessary. Furthermore, the Annual Internal Audit Plan is designed to be flexible to deal with emerging priorities and amendments to the plan are approved by the Audit, Risk and Scrutiny Board.	No further action.	
PSIAS Compliance				
3	Overall, internal audit is compliant with PSIAS. However, there are areas where improvements could be made and additional	The Internal Audit Plan for 2018/2019 will include reference to resource management	Chief Auditor	March 2018

No.	Action Point	Agreed Action	Responsible Officer	Target Date
	<p>information reported to fully comply with PSIAS guidance:</p> <p>2030 Resource Management: – the Internal Audit Plan should provide information on how the appropriateness of the internal audit function was assessed when developing the plan.</p> <p>2050 Coordination: – the Internal Audit Plan should include additional information on the approach to using external sources of assurance to deliver the plan.</p>	and any known plans to rely on other sources of assurance.		
Effectiveness of Audit, Scrutiny and Petitions Board and Level of Reporting				
4	<p>In our Annual Audit Plan we reported an audit risk on the effectiveness of the Audit, Scrutiny and Petitions Board, the council's audit committee (audit risk 6).</p> <p>We are pleased to note that following the 2017 elections, the council has reviewed the remits of its committees and established an Audit, Risk and Scrutiny Board and to operate a separate petitions committee.</p> <p>Internal audit provides summary reports which do not contain all of the information necessary to provide effective scrutiny. This issue was also raised in the external review of internal audit by West Lothian Council.</p> <p>There is a risk that the level of information reported does not allow effective scrutiny of the results of the work undertaken by Internal Audit.</p>	<p>Following a benchmarking exercise of other Local Authority reporting arrangements and discussion with Senior Management and the Convenor of the Audit, Risk and Scrutiny Board; for each audit engagement the Board will receive details of the overall assurance level, the number of recommendations in each category and a committee summary for each report issued.</p> <p>The reporting arrangements for follow-up will be improved following completion of the 2017/2018 programme of follow up work.</p>	<p>Chief Auditor</p> <p>Chief Auditor</p>	<p>September 2017</p> <p>March 2018</p>



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

On: **28 August 2017**

Report by: **Director of Finance and Resources**

Heading: **Risk Management Annual Report 2016/17**

1. Summary

1.1 This paper presents the Risk Management Annual Report for 2016/17 (Appendix 1). The Report describes the corporate risk management activity that has taken place during 2016/17 in relation to the council's risk management arrangements and strategic risk management objectives. It is not the purpose of this paper to report on the management of specific risks as such information is already provided to the policy boards through the Strategic and Corporate Risk Register report and Service Annual Risk Management Plans.

1.2 In exceptionally challenging times and with diminishing resources, the council continues to apply an appropriate level of risk management to prevent or mitigate the effects of loss or harm. In doing so, we recognise that good risk management contributes to the delivery of better financial outcomes, business objectives, better project success rates, achievement of targets and fewer unexpected problems.

1.3 We purposefully promote an environment that is risk 'aware' rather than risk 'averse' and strive to place risk management information at the heart of the key decisions that we make. This means that we can take an effective approach to managing risk in a way that both addresses our significant challenges and enables innovation.

2. Recommendations

2.1 It is recommended that the Board considers the content of the Annual Report and is assured regarding the continued effectiveness of the risk management framework in place and the significant contribution that it makes with regards to the council's corporate governance arrangements.

3. **Background**

- 3.1 In keeping with the 'Scheme of Delegated Functions' a Risk Management Annual Report is provided to the Scrutiny and Petitions Board each year for consideration. The report supports the council's code of corporate governance and seeks to provide assurance to stakeholders (internal and external) not only on the adequacy but also the effectiveness of the risk management arrangements applied during 2016/17.
-

Implications of the Report

1. **Financial**
No implications in the provision of this report.
2. **HR & Organisational Development**
No implications in the provision of this report.
3. **Community Planning**
No implications in the provision of this report.

Children and Young People
Community Care, Health & Well-being
Empowering our Communities
Greener
Jobs and the Economy
Safer and Stronger
4. **Legal**
No implications in the provision of this report.
5. **Property/Assets**
No implications in the provision of this report.
6. **Information Technology**
No implications in the provision of this report.
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.
8. **Health & Safety**
No implications in the provision of this report.
9. **Procurement**
No implications in the provision of this report.
10. **Risk**
No implications in the provision of this report, which relates to organisational arrangements and initiatives in risk management.

11. **Privacy Impact**
No implications in the provision of this report.
12. **COSLA Implications**
No implications in the provision of this report.

List of Background Papers

(a) Non applicable – reports provided on a year-by-year basis

The foregoing background papers will be retained within Finance and Resources for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Risk Manager, Risk Manager, 0141 618 7019, Karen.Locke@renfrewshire.gov.uk

Author: Karen Locke
Risk Manager
0141 618 7019
Karen.Locke@renfrewshire.gov.uk



Risk Management Annual Report

2016 - 2017

Document Title:	Risk Management Annual Report 2016/17		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	31/03/2016	Review Dates:	Not applicable

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Overview of key achievements during 2016/17

Below is an overview of key achievements for corporate-led risk management activity during 2016/17 and what this means in practical terms.

Achievement	What this means
<ul style="list-style-type: none"> Insurance Tender completed and new policies inception for 1 November 2016 	<p>The re-tendering of the council's full insurance programme is a major exercise when undertaken in normal circumstances but was even more challenging as Renfrewshire Council was one of the first local authorities in Scotland to tender its insurance programme after the Insurance Act 2015 came into force in August 2016.</p> <p>While the Act puts an Insured (the council) in a better position, it does impose a new 'duty of fair presentation.' This new duty required the council to carefully consider how information was provided to insurers, since the failure to disclose any material facts could impact on cover while at the same time it was not acceptable to 'data dump' on tenderers.</p> <p>Given the above context, combined with the fact that the public sector insurance market is limited and does not find public sector procurement practices attractive, the council was delighted to attract quotes from 7 different companies. All policies were successfully inceptioned on time.</p>
<ul style="list-style-type: none"> Further success at National Risk Management Awards 	<p>The council maintains an excellent national reputation for its approach to risk management. Entries for national awards have been submitted every year by the council since 2012 with the council winning in at least one specific category each year with the exception of where 'highly commended' status was achieved.</p> <p>In 2016 Children's Services along with Action for Children won the national Community Risk Award for their Functional Family Therapy service. The council's Risk Manager was also a finalist in the risk management professional of the year category.</p>
<ul style="list-style-type: none"> Collaboration with North Ayrshire Council on new risk management course 	<p>As part of the Renfrewshire Manager Programme the 1 day risk management course was to be re-developed into a ½ day course with follow-up learning set opportunities for managers attending.</p> <p>When approached by OD&HR colleagues to undertake this work, the Risk Manager instigated an opportunity to collaborate with the Risk Manager at North Ayrshire Council to jointly develop and facilitate the ½ day course. The intention of doing so was to provide contingency arrangements in each others' organisations so that if one facilitator became unavailable for a specific course, then the other could step in and allow the course to continue as planned.</p> <p>The ½ day course was developed and piloted in North Ayrshire and is now ready to go live within both organisations.</p>
<ul style="list-style-type: none"> Council's Risk Manager appointed Chair of Alarm Scotland 	<p>Alarm is a membership organisation run by members for members and its purpose is to support risk professionals and those that deal with risk management within organisations that provide services to, or support communities and citizens.</p> <p>From a practical point Alarm operates a number of sector groups (for example for housing, fire etc) and regional groups of which Scotland is one.</p> <p>The council's Risk Manager was appointed in January 2017 as Chair of Alarm Scotland for a period of 3 years. This appointment means that the council's Risk Manager will have material influence in Alarm Scotland's agenda and Renfrewshire Council should benefit directly from this role.</p>

Document Title:	Risk Management Annual Report 2016/17		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	31/03/2017	Review Dates:	Not applicable

1. Introduction

- 1.1 The Risk Management Annual Report is provided to the Audit, Risk and Scrutiny Board each year in keeping with its delegated function of considering the corporate risk management annual report. The Report describes the corporate-led risk management activity that has taken place during 2016/17 in relation to the council's risk management arrangements and strategic risk management objectives. The Report does not cover the management of specific risks as such information is already provided to the policy boards through reports on Strategic and Corporate Risk Registers and Service Risk Plans.
- 1.2 In exceptionally challenging times and with diminishing resources, the council continues to apply an appropriate level of risk management to prevent or mitigate the effects of loss or harm. In doing so, we recognise that good risk management contributes to the delivery of better financial outcomes, business objectives, better project success rates, achievement of targets and fewer unexpected problems.
- 1.3 We purposefully promote an environment that is risk 'aware' rather than risk 'averse' and strive to place risk management information at the heart of the key decisions that we make. This means that we can take an effective approach to managing risk in a way that both addresses our significant challenges and enables innovation.
- 1.4 This annual report supports the council's corporate governance statement and seeks to provide assurance to stakeholders (internal and external) not only on the adequacy but also the continued effectiveness of the organisational risk management arrangements applied during 2016/17.

2. Risk Management Framework 2016/17: Overview


- 2.1 Below is a brief overview of the key components of the council's risk management framework. Thereafter sections 3 to 7 of this report expand on each component and highlight specific points relevant to 2016/17 developments.
- (1) **Infrastructure/ enablers**
At the heart of the council's risk management arrangements are the strategic risk management objectives, the risk management policy and strategy and the strategic risk management development plan. Also embedded within the infrastructure are the communications systems in use for risk management information, including Covalent and Renfo, and the key policy boards and groups such as the Corporate Management Team and Corporate Risk Management Group that have a specific role in risk management.
- (2) **Process**
A cyclical process for risk assessment, treatment, communication, monitoring and review of risk using a standardised risk matrix. The process and supporting matrix continue to enable a consistent approach to risk management throughout the council, set within the context of the council's capacity and tolerance for risk, sometimes also referred to as 'risk appetite.'
- (3) **Application/ results**
Risk management is not viewed as an isolated function or practice but is applied to other key business processes of the council, including service planning, financial planning, performance management, project management and partnerships. Applying risk management at the right time and in the right way is the key to risk management adding value to the organisation and delivering tangible results.
- (4) **Reporting and monitoring**
Reporting and monitoring arrangements, including individual and group roles and responsibilities for risk management, are defined in such a way as to ensure a suitable flow of risk management information throughout the council and an appropriate level of monitoring and scrutiny relating to the effectiveness of the risk management arrangements in place and progress being made in relation to activity linked to strategic and corporate risk registers and service risk management plans.
- (5) **Risk management function**
For the risk management framework to be effective, it must be underpinned by training, guidance and ongoing development activity which raise awareness of how to implement good risk management practice across the council. This aspect of the framework informs the workplan of the corporate risk management function under the responsibility of the Director of Finance and Resources.

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3. Risk Management Infrastructure/ Enablers

3.1 Risk Management Policy and Strategy

In November 2016 'Risk Matters,' the combined risk management policy and strategy was revised and approved by the Audit, Risk and Scrutiny Board, in keeping with the formal review timetable for Risk Matters¹.

 **New in 2016/17:** A material change was made to Risk Matters:

Historically, the council's Corporate Risk Register had reflected risks that were 'internal' with regards to how the council operates, but in more recent years has additionally reflected 'external' risks that affect our Renfrewshire communities, where the Council has a role to play in managing such risks. The Audit, Risk and Scrutiny Board agreed the proposal to separate what had traditionally been the Corporate Risk Register into two distinct risk registers; a Strategic Risk Register which would contain details of the externally focused risks, and a Corporate Risk Register which would continue to contain details of the internally focused risks. The revised 'Risk Matters' was updated and approved on this basis and the new arrangements are set to come into place early 2017/18.

3.2 Strategic Risk Management Objectives

The council had previously undertaken self assessment of its risk management arrangements in line with the Alarm² National Risk Management Performance Assessment Model.

It had been the intention to the self assess again in 2016 however with the changes planned for the risk management policy and strategy (described at 3.1 above), the Risk Manager considered that it would be more valuable to undertake the self assessment once the revised arrangements were established.

Self assessment will now take place in 2018 ahead of the next formal review of Risk Matters.

Strategic Risk Management Objectives

- | | |
|----------|---|
| Enablers | (1) <u>Leadership and management</u> : Ensuring that our Members, Directors and Senior Managers fully support and promote risk management |
| | (2) <u>Policy and strategy</u> : Ensuring that our policy and strategy remain fit for purpose and maintain a consistent approach to the management of risk and increasing its effectiveness |
| | (3) <u>People</u> : Ensure that our people are equipped and supported to manage risk well |
| | (4) <u>Partnerships and resources</u> : Ensuring that we have effective arrangements for managing risks in partnerships and resourcing risk management activity |
| Results | (5) <u>Processes</u> : Ensuring that our risk management processes are effective in supporting the business activities of the council |
| | (6) <u>Risk handling and assurance</u> : Ensuring that risks are handled well and that the council has assurance that risk management is delivering successful outcomes and supporting innovation |
| | (7) <u>Outcomes and delivery</u> : Ensuring that risk management does contribute to achieving positive outcomes for the council |

The strategic risk management objectives therefore remain unchanged at this time; they remain very relevant and continue to form the basis of the Strategic Risk Management Development Plan.

3.3 Strategic Risk Management Development Plan 2014/16

The Strategic Risk Management Development Plan (SRMDP) explicitly sets out the development activity that supports the strategic risk management objectives. The plan is realistic, stretching but achievable; it allows the Corporate Risk Management Group to focus on strategic priorities and actions while at the same time allows individual members (representing their service departments) to consider operational implications and requirements for supporting the objectives.

¹ Risk Matters is reviewed formally every two years by Board with an interim annual review conducted by the Corporate Risk Management Group.

² 'Alarm' is the public risk management association

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Progress against the Strategic Risk Management Development Plan is monitored quarterly by the Corporate Risk Management Group. The plan runs in two-yearly cycles, in this instance from April 2016 to March 2018.

- ✔ Performance in relation to completion of SRMDP actions was 91% for year 1 against an in-year target of 85%
- ▶ Progress against the full 2 year Strategic Risk Management Development Plan was 61% at March 2017.

Some key actions delivered from the plan during 2016/17 were as follows:

- ✔ Following on from the revision of Risk Matters, all supporting guidance documents and templates were reviewed, revised and published on Renfo at: <http://renfo.renfrewshire.gov.uk/riskmatters>
- ✔ The Risk Manager engaged with Organisational Development and HR colleagues to ensure that risk management would remain as a key element of the Management Development Programme as it was being reviewed and revised.
- ✔ Data relating to service departments' uptake of the risk management course that is available on iLearn was reviewed and future targets were set for each department. It was agreed that this would also form the basis a new Key Performance Indicator that would be reviewed by the Corporate Risk Management Group from 2017/18 onwards.
- ✔ The use of bow tie analysis as a new tool for understanding/ exploring risk was introduced to the council and is available for download from the Renfo page highlighted above.

3.4 The Corporate Risk Management Group

The Corporate Risk Management Group met on six occasions during 2016/17 in accordance with its terms of reference. Four meetings were 'standing' quarterly meetings and two were specifically dedicated to the development of the 2016/17 corporate risk register and new strategic risk register. The quarterly standing items of business for this Group included:

- (1) review of the corporate risk register and progress against associated actions;
- (2) review of progress against the Strategic Risk Management Development Plan;
- (3) review of significant service risks brought to the Group for potential escalation;
- (4) review of the risk management key performance indicators;
- (5) Risk Management Alliance updates³ and,
- (6) Service news items (to facilitate cross departmental learning from risk-related matters).

In addition to the above standing items, the Group received additional reports and information from the Risk Manager in relation to national developments in risk management.

✚ **New in 2016/17:** Some new officers were identified as 'risk management reps' with [details published on Renfo](#).

3.5 Covalent software system

Covalent has been in use for recording and monitoring risk management information since early 2009/10. Using the system continues to be of benefit to officers as it reduces duplication of reporting where officers are providing updates on progress against actions which relate both to the management of risk and to delivering service improvements. No new risk-related system developments were made during 2016/17 however as a council we are moving away from the 'classic' version to the new web version in 2017/18.

3.6 Utilisation of Renfo

Renfo continues to be a key tool for communicating and providing risk management information and guidance to all staff with access to Renfo. The [Renfo risk management pages](#) provide access to 'Risk Matters' and a range of supporting guidance documents and templates as well as contact details for the risk management and insurance service. The Audit and Risk Newsflash bulletin is also made widely available through Renfo when articles are published.

✚ **New in 2016/17:** The 'Risk Matters' page on Renfo was fully reviewed and updated as per action in the Strategic Risk Management Development Plan.

³ The Alliance is a sub group of the Corporate Risk Management Group

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4. Risk Management Process

4.1 The standardised process for risk management within the council (adopted in 2008) remains fit for purpose. The table below summarises the guidance which accompanies the process. Applying this process in all aspects of business helps officers to manage their activities and pursue opportunities in a way that helps achieve objectives and prevent loss or harm.

Establish the context	Services consider risk in terms of context such as key themes and objectives, service priorities, operational activities or projects, longer term or shorter term objectives.
Identify risk	Services carefully define their risks in such a way as to be clear about the situation presented (opportunity, activity, service change, problem or challenge) and the consequences that may flow from it. We have started using risk 'bowtie' analysis which employees are finding very visual and helpful in understanding risk.
Analyse risk	Services analyse risk in terms of likelihood of occurrence and should it occur, its potential impact using the standardised risk matrix.
Evaluate risk	Services evaluate risk in terms of significance, being either 'low', 'moderate', 'high' or 'very high' and compare this with the council's capacity and tolerance for risk.
Treat risk	Services consider a range of options when deciding on the most appropriate way to address their risks, either through measures to terminate; transfer elsewhere (such as through insurance); tolerate as it is; or, treat with cost effective measures to reduce it to a level where the exposure is acceptable or tolerable for the council in keeping with its capacity and tolerance for risk. Note: in the case of opportunities, services may 'take' an informed risk in terms of tolerating it if an opportunity is judged to be (1) worthwhile pursuing and (2) the service is confident in its ability to achieve the benefits and justify the risk.
Monitor and review risk	Services are aware that once a risk assessment has been undertaken it is necessary to continue to monitor and review the risk for changes in context or the measures that are in place to control it.
Communicate and consult	Services are aware that it is good practice for at least two officers with relevant subject knowledge to undertake risk assessment (in consultation with other officers if necessary) with the key outcomes of the risk assessment process communicated to relevant persons (such as using the risk implications section on Board papers).

5. Risk Management Application/ Results

5.1 For risk management to truly add value for the organisation, it needs to be applied across the range of business processes in operation throughout the council and all its service departments. This section provides evidence of how this happens in practice across a variety of settings.

5.2 Building on the success of the 'Renfrewshire Council Risk Management Award' scheme introduced to the council in 2011/12, the council has seen year on year recognition at the Alarm national risk management awards evidencing a good approach to risk management and recognising good risk management practice across the different service departments.

5.3 In 2016 Children's Services along with Action for Children won the national Community Risk Award for their Functional Family Therapy service. FFT is an evidence based programme which supports young people within their family and community. Those referred are at serious risk of being accommodated by the local authority due to their challenging behaviour including offending, violence, drug or alcohol use and self harm. The Family Therapist works with the young person in their family to reduce risk taking and develop positive behaviour for the longer term. Users of FFT report positive outcomes with improved family relations, parenting skills, adolescent behaviour and communications. FFT is delivered by Action for Children on a partnership basis with the council. In 2016 the council's Risk Manager was also a finalist in the risk management professional of the year category.

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- 5.4 Two new entries were submitted to Alarm on 17 March 2017 for this year's national Team of the Year Award. Because of the timing for entries to the national awards, the council's local risk management award is now due to take place later in 2017, which will thereafter act as a feeder to the national awards in 2018.
- 5.5 Within insurance and claims management, the most notable achievement during 2016/17 was the re-tendering of the council's full insurance programme. This is a major exercise when undertaken in normal circumstances but was even more challenging as we were one of the first local authorities in Scotland to tender its insurance programme after the Insurance Act 2015 came into force in August 2016. While the Act puts an Insured (the council) in a better position, it does impose a new 'duty of fair presentation.' This new duty required the council to carefully consider how information was provided to insurers, since the failure to disclose any material facts could impact on cover while at the same time it was not acceptable to 'data dump' on tenderers. Given this context, combined with the fact that the public sector insurance market is limited and does not find public sector procurement practices attractive, the council was delighted to attract quotes from 7 different companies and all insurances policies were successfully inceptioned on 1 November 2017.
- 5.6 Risk management continued to become even more engaged with the processes of contingency planning for the administration of elections in 2016 and 2017, with new contingency manuals developed by the Risk Management Alliance for the Scottish Parliament Elections in May 2016, the By-Election in August 2016 and the Local Government Election in May 2017. The new approach continues to involve a multi-agency walk through of arrangements in advance of elections, to test assumptions, validate arrangements and ensure a common understanding of how the Election Team and partners should respond in relation to a range of scenarios
- 5.7 Risk management continued to be a key component of the council's project management framework meaning that if risks are proactively addressed through each stage of a project, the project outcomes are more likely to be achieved on time and within the planned budget.
- 5.8 Each service continues to refresh its service risk management plan on an annual basis taking account of the service priorities and service improvement plans. This means that risks relating to the service priorities are proactively addressed and services are more likely to achieve their priorities and outcomes as planned.
- 5.9 Each year, services bring to the attention of the Director of Finance and Resources any areas of unavoidable cost pressures they are experiencing. During this process services can highlight instances where cost pressures relate to top corporate or services risks and this supports effective decisions to be made in relation to financial priorities.

6. Reporting and Monitoring

- 6.1 The governance arrangements in place during 2016/17 have continued to ensure clear lines of accountability for risk management and continue to enable a suitable flow of risk information throughout the council. The policy boards approved the corporate and service risk registers for 2016/17 and received mid year progress reports.
- 6.2 Each service has a recognised forum for discussing risk-related matters and a representative on the Corporate Risk Management Group (CRMG). The CRMG has overseen the 2016/17 Corporate Risk Register and monitored progress on a quarterly basis. Services have taken ownership of their annual Risk Management Plans with processes being followed for reporting, and where necessary 'escalation' of significant risks to the Corporate Risk Management Group. Four of five services submitted mid-year progress reports to Boards as planned; one service had changed their structures/responsibility for risk management, which caused a delay and they are now back on track for 2017/18.
- 6.3 In terms of monitoring performance in risk management the council participates in the Alarm/ CIPFA⁴ benchmarking club, using the Alarm National Risk Management Performance Assessment Model. The Performance Assessment Model describes an organisation's risk management maturity as:

- | | | | | |
|------------------------|------------------------|----------------------|--------------------------------------|----------------------|
| ▪ Level 1
Awareness | ▪ Level 2
Happening | ▪ Level 3
Working | ▪ Level 4
Embedded and integrated | ▪ Level 5
Driving |
|------------------------|------------------------|----------------------|--------------------------------------|----------------------|

⁴ Chartered Institute for Public Finance and Accountancy

Document Title:	Risk Management Annual Report 2016/17		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	31/03/2017	Review Dates:	Not applicable

The council aims for level 4, to demonstrate maturity where risk management is consistently 'embedded and integrated' while also being able to demonstrate examples of where risk management information is driving the key policy decisions of our organisation. The council continues to perform at Level 4.

- 6.4 Key Performance Indicators continue to be implemented and monitored by the Corporate Risk Management Group on a quarterly basis. Indicators relate to how well the Risk Management Policy and Strategy is embedded throughout the council, how well the Strategic Risk Management Development Plan is progressing and the council's risk management performance when benchmarked with national risk management standards.

7. Risk Management Function/ Training and Development

- 7.1 The council's Risk Management Training Strategy ensures that we are clear about the council's expectations as to the degree of risk management knowledge required across a range of roles within the council, and the risk management training and development solutions that are available and should be accessed through the council to enable competence and capacity to manage risk within those roles.

- 7.2 In-house training and development in risk management continues to be offered through a range of opportunities. Examples include:

- Essentials of Enterprise Risk Management (2 Days available through the council's insurers)
- Risk Management Course (1 Day in-house)
- Management Development Programme/ Risk Management Course (½ Day in-house)
- Topical sessions for Elected Members
- Project Risk Management Workshops (in-house as required)
- Internal audit training programme (in-house through the Audit, Risk and Scrutiny Board)
- Risk Management iLearn course (in-house, 45 mins)
- use of 'risk control days' training (available through Insurers)
- ad hoc support, advice or training as requested

- 7.3 In relation to some of the above opportunities, the following can be noted:

- Management Development Programme/ Risk Management Course (½ Day in-house)
The 1 day course was to be reviewed and re-developed into a ½ day course with follow-up learning set opportunities for managers attending, as part of the Renfrewshire Manager programme. However, it is worth noting that when approached by OD&HR colleagues to revisit the risk management course, the Risk Manager instigated an opportunity to collaborate with the Risk Manager at North Ayrshire Council to jointly develop and facilitate the ½ day course. The intention of doing so was to provide contingency arrangements in each others' organisations so that if one facilitator became unavailable for a specific course, then the other could step in and allow the course to continue as planned. The ½ day course was piloted in North Ayrshire and is ready to go live within both organisations.
- Project Risk Management Workshops
A number of services engaged with the Risk Manager to facilitate risk management sessions or provide 'critical friend' support in reviewing project risk registers; these included for example the investment for the Museum, the Museum Store, Regeneration projects and the UK City of Culture bid.
- Ad hoc support, advice or training as requested
 - Training session with the Audit, Risk and Scrutiny Board
 - Training session with the IJB/ Audit committee and 1/2 day course with HSCP senior managers
 - Presentation to final year health and social care undergraduates at Glasgow Caledonian University
 - Workshop for contingencies for Scottish Parliament Elections
 - Debrief event for Scottish Parliament Elections
 - Contingency support for the European Referendum and the August by-election
 - Process mapping for Local Government Elections
 - Risk register updates and meetings with Health and Social Care Partnership
 - Support to Clyde Muirshiel Park Authority for policy/ strategy and risk register development
 - Support to ICT services re ICT risk register
 - Support to Children's services re policy for administration of medicines
 - Training for Procurement Teams on insurable risk in contracts
 - Bespoke risk management training for the Regeneration Team

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Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	31/03/2017	Review Dates:	Not applicable

- 7.4 In order to continue to provide evidenced based training, development and advice for the council, the council's Risk Manager maintains continued professional development in her field and is qualified to Masters Level (MSc in Risk Management awarded by Glasgow Caledonian University).
- 7.5 Through membership of a number of groups that include ALARM (the Public Risk Management Association), and the Alarm Scotland Risk Forum, the Risk Manager keeps abreast of risk management developments and best practice in other public sector organisations and local authority areas. Of note is that the council's Risk Manager was appointed in January 2017 as Chair of Alarm Scotland for a period of 3 years. This appointment means that the council's Risk Manager will have greater influence with Alarm Scotland's agenda and Renfrewshire Council can benefit directly from this.
- 7.6 Through the council's contracts with Insurers and Insurance Brokers, the Risk and Insurance Team keep up-to-date with developments in the insurance sector in order to ensure that the council's interests are protected.

8. Conclusion

- 8.1 This Report has provided an overview of key risk management activity and developments undertaken during 2016/17 in relation to the council's corporate-led risk management arrangements. It is intended that the report provides assurance regarding the robustness of the council's risk management approach.

Document Title:	Risk Management Annual Report 2016/17		
Service:	N/A	Lead Author	Risk Manager and the Corporate Risk Management Group
Date Effective:	31/03/2017	Review Dates:	Not applicable



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Director of Finance and Resources

Heading: Absence Statistics – 2017/18 Quarter 1

1. Summary

- 1.1 The purpose of this report is to advise the Audit, Risk and Scrutiny Board of the absence statistics for the period 1 April 2017 to 30 June 2017. The report details the absence statistics by service and by category of staff.
 - 1.2 The report provides information in relation to absence targets and how services have performed against them. An analysis of the reasons for absence has also been compiled and details are included within the report. Information is also provided on supporting attendance activity and the costs of sick pay.
-

2. Recommendations

- 2.1 It is recommended that the Board notes the content of this report and that this report reflects the absence statistics for the period 1 April 2017 to 30 June 2017.
-

3. Background

- 3.1 The Scrutiny Board agreed that absence levels will be reported on a quarterly basis. It was agreed that the report will include the following information relating to supporting attendance:-
 - Absence statistics broken down by service and category of staff.
 - Reasons for absence broken down by service and category of staff.

- Progress made by services in relation to their supporting attendance action plans.

4. Absence Statistics - Quarter Ending 30th June 2017

4.1 Service and Council overall absence performance for the quarters are detailed in the table below. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of work days lost per full time equivalent (FTE) employee.

Service/Area	Quarter Ending September 2015	Quarter Ending December 2015	Quarter Ending 23 March 2016	Quarter Ending June 2016	Quarter Ending September 2016	Quarter Ending December 2016	Quarter Ending March 2017	Quarter Ending June 2017
Chief Executive's Services	1.70	0.67	0.77	1.17	1.82	1.72	3.41	1.78
Education and Leisure Services	1.04	0	0	0	0	0	0	0
Children's Services	0	2.20	2.50	1.85	1.16	2.29	2.17	2.07
Community Resources	2.26	2.88	2.79	2.96	2.49	3.75	3.34	3.67
Finance and Resources	2.25	2.69	2.73	2.02	2.29	2.59	2.37	2.29
Development and Housing Services	1.26	1.73	1.93	1.79	2.78	1.75	2.18	1.73
Health and Social Care Partnership	0	4.15	3.68	4.29	3.95	5.03	3.65	2.36
Social Work Services	3.48	0	0	0	0	0	0	0
Council Overall	1.96	2.64	2.70	2.46	2.12	2.93	2.68	2.54
Council Overall targets	1.79	2.69	2.69	1.79	1.79	2.69	2.69	1.79

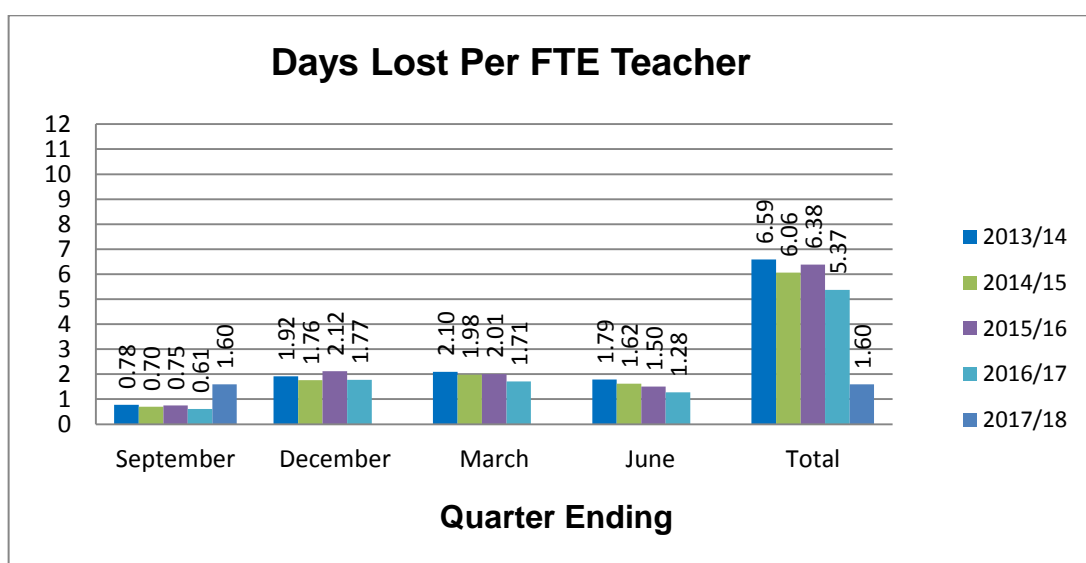
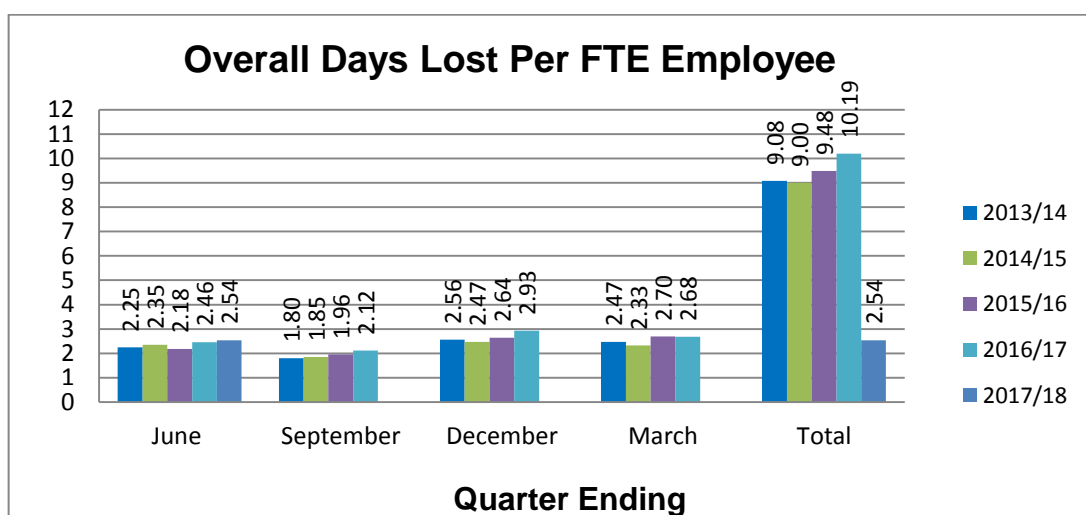
* Education and Leisure/ Social work services no longer exist, they are now within Children's Services and The Health and Social Care Partnership.

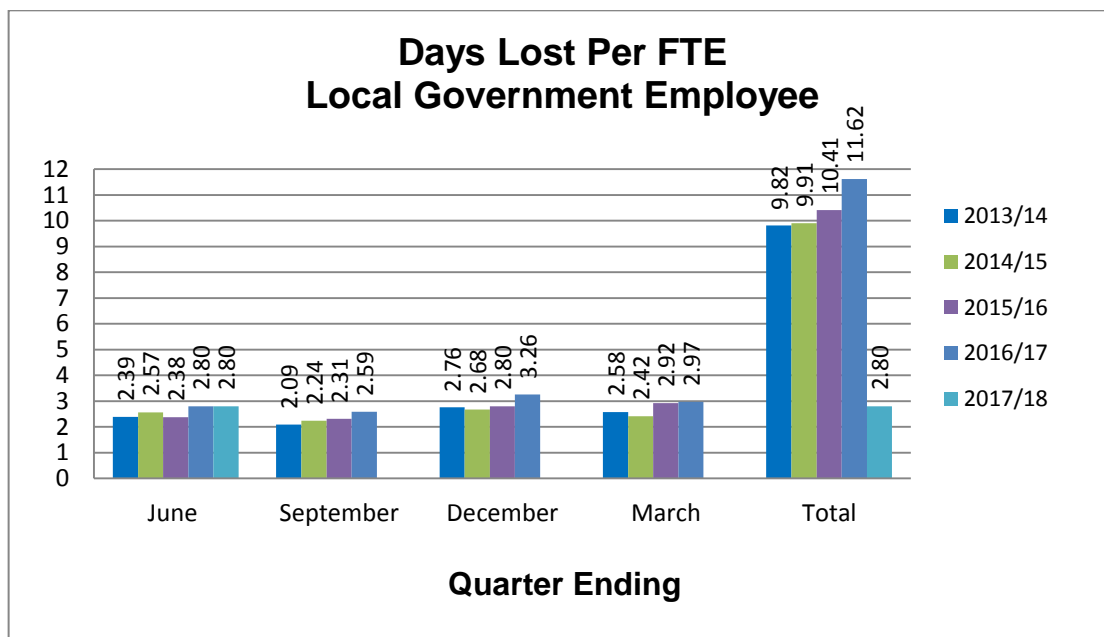
5. Analysis and Trends - Quarters Ending 30th September 2015 to 30 June 2017

5.1 The number of days lost per FTE employee due to absence is as follows:-

Quarter ended	Days lost per FTE	Quarter ended	Days lost per FTE	Variance
September 2015	1.96	September 2016	2.12	+0.16
December 2015	2.64	December 2016	2.93	+0.29
March 2016	2.70	March 2017	2.68	- 0.02
June 2016	2.46	June 2017	2.54	+0.08

5.2 The following tables detail the percentage absence levels by employee category for the quarter ending 30th June 2017 namely: overall, teachers and local government employees.





6. Absence Targets Analysis: Quarter 1, ending 30 June 2017.

6.1 **Appendix A** details the absence performance of services, the Council overall and employee groups against the set absence targets for quarter ending 30th June 2017.

6.2 The Council has recorded an overall absence rate of 2.54 days lost per FTE employee, which is 0.75 days **above** the target figure of 1.79 days.

In addition the Teacher absence level of 1.60 days lost per FTE employee is 0.06 days above the target of 1.54 days.

The absence performance of Local Government employees at 2.80 days lost per FTE employee is 0.88 days **above** the target of 1.92 days.

7. Reasons for Absence overview

7.1 The illness categories with the highest level of absence, compared to the same quarter in the previous year are as follows:

Quarter Ending	Illness categories
June 2016	Musculoskeletal and Joint Disorders – 26.3%. Psychological (non work related) – 23.6%,
June 2017	Psychological (non work related) – 24.7%, Musculoskeletal and Joint Disorders – 23.6%.

- 7.2 To address Psychological (non work related) absences the Council continue to provide a range of support services that employees can be referred to at an early stage for assistance. There are also Council policies, guidance and training to assist managers and employees that are specific to stress related issues.

The current Mental Health and Well-being in the Workplace policy is under review and, where appropriate, will reflect the outcomes within the Scottish Government's Mental Health Strategy 2017 -2027.

HR and OD are currently exploring the option to deliver the mental health first aid course to services across the council. This will equip the officers with the skills to identify the early stages of an employee who may be suffering from mental health issues and also provide them with support mechanisms in the workplace.

- 7.3 In relation to addressing musculoskeletal and joint disorders the Council offers a physiotherapy service through the Council's Occupational Health Provider, this service can be accessed by all employees.

As part of the Council's Health and Safety Management system, occupations which include manual handling activities as part of the role, the task risk assessments have been reviewed and as part of their ongoing training a number of courses and interventions to ensure that safe working practices are maintained.

8. Supporting Attendance Activity

- 8.1 Recent and planned actions to improve absence performance include the following:-

- HR operational teams have been working closely with service's management teams to identify areas that require greater support. This will result in strategies to support the employees in those areas to return to work.
- A review of the current supporting attendance policies covering all staff, including teachers, is under way. Meetings have taken place with the respective trades unions to ensure this is a fully collaborative process.
- HR operational teams continue to proactively contact and support managers who have absence cases of 2 to 4 weeks in duration, to monitor action taken to date and proposed next steps.
- Continued delivery of supporting attendance training at a corporate level for managers, with the provision of tailored training for managers and employees at a service level on request;

- Ongoing health promotion activities aimed at raising employee awareness of health issues continue, the latest campaign focused upon diabetes;
- Ongoing work to improve the absence information available to managers and to streamline supporting attendance related processes to facilitate prompt absence reporting, recording and updating of relevant systems;
- Monthly meetings continue with Directors to discuss their service's supporting attendance performance.

9. Costs of Sick Pay

- 9.1 The costs associated with sick pay are provided to the Audit, Scrutiny and Petitions Board. The table below outlines the costs of sick pay by employee group and overall, with a comparison to the same quarters in previous years:

Quarter/Year	Teachers (includes Supply Teachers)	All Other Employees	Overall
Quarter 1 of 2015/2016	£490,739	£1,085,444	£1,576,183
Quarter 1 of 2016/2017	£393,394	£935,284	£1,328,678
Quarter 1 of 2017/2018	£519,866	£1,323,694	£1,843,560

* Total number of employees that contributed to the overall cost in this quarter was 1731.

Implications of this Report

- 1 **Financial Implications** - Improvement in attendance impacts on the financial costs of absence.
- 2 **HR and Organisational Development Implications** - HR and Organisational Development Practitioners will continue to work with service managers and consult with the Trade Unions, on the implementation of the Supporting Attendance at Work Policy and Guidance and initiatives detailed in this report.
- 3 **Community Planning**

Children and Young People - none.

Jobs and the Economy - none.

Community care, health and wellbeing - provides for continuous improvement in health and attendance.

Safer and Stronger - provides for improved service performance across the Council.

Greener - none.

Empowering our Communities - none.

4 **Legal Implications** - none.

5 **Property/Asset Implications** - none.

6 **Information Technology Implications** - none.

7 **Equality and Human Rights Implications** - none.

8 **Health and Safety Implications** - it is integral to the Council's aim of securing the health and well being of employees.

9 **Procurement Implications** - none.

10 **Risk Implications** - Without continued effective supporting attendance focus, there is a risk that sickness absence levels will adversely impact on the Council both financially and in terms of service delivery. Consequently supporting attendance activities are monitored via the Corporate Risk Register.

11 **Privacy Impact Implications** - none.

12. **Cosla Policy Position** - none

List of Background Papers - none.

The contact officer within the service is Steven Fanning, Principal HR and OD Adviser, telephone 0141 618 7284, e-mail steven.fanning@renfrewshire.gov.uk

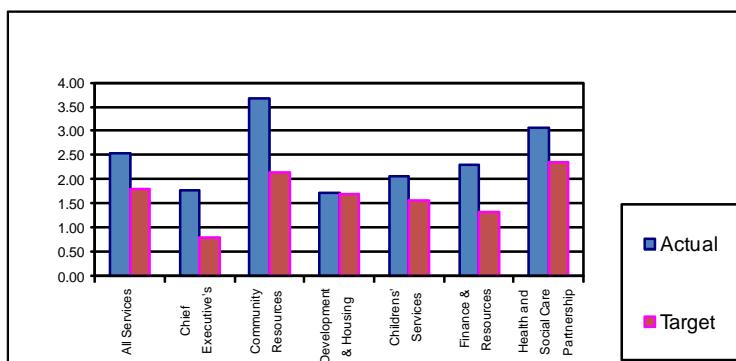
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Index of Appendices

Appendix A	Graphs detailing trends in service, Council overall and employee group absence levels against targets for 2017/18
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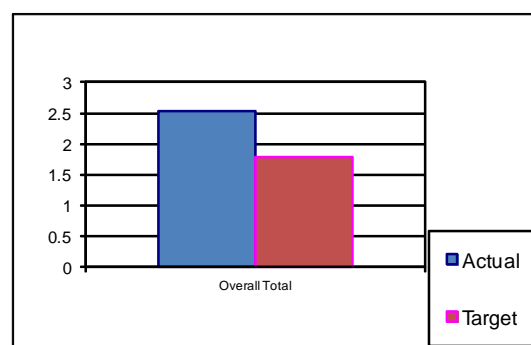
'PERFORMANCE V TARGETS 2017/2018

Quarter 1 MARCH 2017 - JUNE 2017



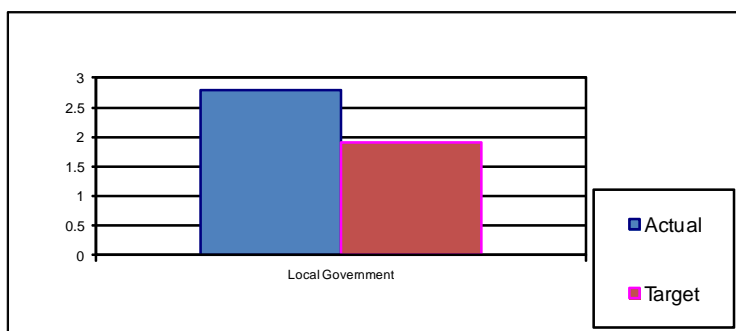
	Actual	Target	Difference
All Services	2.54	1.79	0.75
Chief Executive's	1.78	0.80	0.98
Community Resources	3.67	2.15	1.52
Development & Housing	1.73	1.69	0.04
Children's Services	2.07	1.56	0.51
Finance & Resources	2.29	1.34	0.95
Health and Social Care Partnership	3.06	2.36	0.70

Quarter MARCH 2017 - JUNE 2017



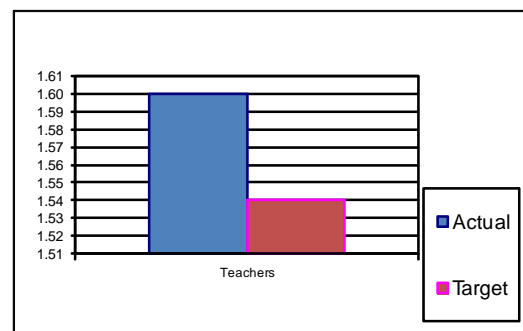
	Actual	Target	Difference
Overall Total	2.54	1.79	0.75

Quarter 1 MARCH 2017 - JUNE 2017



	Actual	Target	Difference
Local Government	2.80	1.92	0.88

Quarter MARCH 2017 - JUNE 2017



	Actual	Target	Difference
Teachers	1.60	1.54	0.06



To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Director of Finance and Resources

Heading: Records Management Plan Update

1 Summary

- 1.1 In accordance with the Public Records (Scotland) Act 2011, the Council created a Records Management Plan ("RMP") to guide continual improvement of its record keeping. The Council's RMP was approved by Council on 25 February 2016 and it was decided that an annual report would be submitted to the former Audit, Scrutiny and Petitions Board.
- 1.2 Agreement of the RMP was reached with the Keeper of the Records of Scotland on 16 August 2016.
-

2 Recommendations

- 2.1 To note that – the RMP not only offers compliance with the Public Records (Scotland) Act 2011, but also aims to guide improvements in record keeping for the overall betterment of the Council and its work.
- 2.2 To note that – the continual auditing and assessing of the RMP are an important element of its successful implementation and that annual reports to this board are an important part of that.

3 **Background**

- 3.1 The Public Records (Scotland) Act 2011 (“PRSA”) came into force on 1 January 2013. Under the PRSA, named Scottish public authorities are required to manage their corporate records efficiently and effectively. To this end, each of these authorities must submit a formal records management plan (“RMP”) to the Keeper of the Records of Scotland (“the Keeper”) for his approval. The Keeper has published a ‘model RMP’ that explains the various elements he would expect to see in a public authority RMP. The Council’s own RMP is based on this model
- 3.2 The Council submitted its records management plan to the Keeper on 31 March 2016 after being approved by Council on 25 February 2016 and by Renfrewshire Licensing Board on 07 March 2016 as a joint RMP. Conditional agreement from the Keeper was received on 16 August 2016.
- 3.3 That means that the Keeper has fully accepted 11 out of the 16 elements of the RMP with the remaining 5 elements being on an “Improvement Route.” The full assessment report can be provided by the Records Manager or is available from:
- <http://www.nrscotland.gov.uk/record-keeping/public-records-scotland-act-2011/assessment-reports>
- 3.4 Being on an “Improvement Route” means that the RMP has self identified gaps in the required elements that require further improvement to implement and evidence they are in place. While there is still much work to be done before the Council has a fully agreed RMP, the Keeper has stated that the Council’s RMP is robust with a detailed action plan for closing the gaps identified.
- 3.5 The Council has until the year 2021 to have its RMP fully agreed with the Keeper. The elements that still require agreement are:
1. Element 4 - Business classification
 2. Element 6 - Destruction arrangements
 3. Element 7 - Archiving and transfer arrangements
 4. Element 11 - Audit trail
 5. Element 13 - Assessment and review

Further details on the elements listed above are provided in the following paragraphs.

- 3.5. **‘Element 4 – Business Classification’** requires that the Council know the records it creates and where they are held. This is evidenced through a document called the Business Classification Scheme (“BCS”). This element requires the most work and will take the longest to complete with an anticipated completion in 2019. Work is underway to implement the BCS as a file plan on shared drives throughout the organisation.
- 3.6. In support of this work officers have been identified throughout service areas that will be tasked with producing reports on their service’s shared folders using an analysis tool. Initial training has been delivered and guidance created. These reports will help to identify file duplication, files passed their retention, and areas where files can be managed better.
- 3.7. **‘Element 6 - Destruction arrangements’** requires that adequate procedures are in place for the destruction of records across the organisation regardless of format. There is considerable work involved to arrange this across the electronic systems. Systems that are currently earmarked for replacement or upgrade are being prioritised. The Records Manager provides retention advice to ICT colleagues who are reviewing systems or implementing new ones. Physical records must be regularly disposed of as well, which the importance of has been highlighted by the amount of confidential waste generated due to office moves.
- 3.8. Moving forward, the message is to remove the ROT. ROT (redundant, obsolete or trivial) is information and records that continue to be retained even though there is no business or legal value. The Council’s Corporate Records Retention Schedule is a key document in tackling ROT and is accessible from the Council’s website. Likewise, the reports discussed in paragraph 3.6 will be invaluable to this work.
- 3.9. **‘Element 7 - Archiving and transfer arrangements’** requires the Council to have made proper arrangements for the permanent preservation of records of enduring value. Renfrewshire Leisure manages the Council’s historical collection when records have outlived their business use and have been flagged for long term preservation. The Council’s Corporate Retention Schedule identifies series of records that should be preserved and additional guidance has been produced to help staff identify further records that may have historical value but are outside currently identified series.
- 3.10. The intent is to collect records that show how the Council has been managed, its impact on the Renfrewshire area, as well as bringing in records that have historical significance for the region. For instance,

members of the public sometimes get in touch when they have found items that may be of interest.

- 3.11. This element is critical to ensuring long term that decisions made by the Council can be understood by future generations and that the community of Renfrewshire can make the most of their cultural assets.
- 3.12. **'Element 11 - Audit trail'** requires systems to be in place to allow the Council to know where its records are at all times. Audit trails within electronic systems are adequate for this element and the mobile working technology in place within the Council ensures that electronic records are not leaving systems. The largest gap identified is where any paper records are routinely moved from where they are stored within the Council. Check In / Check Out lists should be used for any instance not already covered by a system in place. Guidance is circulated through the Records Management Working Group and the Information Management and Governance Group. Furthermore, the Records Manager can always be contacted for assistance where any further gaps are identified by services or guidance needs to be tailored to suit a specific need.
- 3.13. **'Element 13 - Assessment and review'** makes provisions for the self assessment of the RMP so that an organisation can determine how well it complies. The Council's Chief Auditor has chosen the Records Management Plan as one of the audits being conducted this year, with the audit currently underway. Having this done early will provide a valuable baseline measurement to assess the current provisions and plan for future ones. In addition to the input from Internal Audit, the organisation will continue to self assess its own progress through the Council's Records Management Working Group and Information Management and Governance Group.
- 3.14. Being on an "Improvement Route" requires updates to the Keeper on progress. Similar to the original submission, authorities will be invited to provide updates to the Keeper through a formal letter issued to the Chief Executive from the Keeper. The benefit of providing annual updates is that this should avoid any formal reassessment at the end of the five year period. Invitation to submit can be expected at any point as the first year anniversary has now passed (16 August).
- 3.15. Annual updates will be provided to this Board (or any successor Board with responsibility for audit) on a meeting date nearest to the anniversary of initial agreement with the Keeper. Additional reports may also be submitted if anything substantially changes with regard to legislation or the Council's own implementation.
- 3.16. The biggest risk associated with successful implementation of the RMP is the capacity of staff and services to do the work required in addition to normal business activities. This risk will be minimised, in so far as possible, by aligning implementation alongside normal duties wherever

possible. This risk is also mitigated by good records management supporting staff in being as efficient as possible with regard to information matters.

- 3.17. While there is still much work ahead to get the final five elements fully agreed, it should also be noted that even once the RMP is fully agreed there will always be work required to maintain and continually improve records management within the organisation. Yet, as noted in the preceding paragraph, this work is necessary to provide valuable tools to the Council to better manage one of its greatest assets.

Implications of the Report

1. **Financial** – *none*
2. **HR & Organisational Development** – *none*
3. **Community Planning** – Implementing good records management principles within the organisation supports the Council to deliver on its key objectives and priorities.
4. **Legal** – Implementation of the Records Management Plan is a key element in complying with the Public Records (Scotland) Act 2011.
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 for example 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** - Effective records management can only have a positive impact on people's privacy whereby records are only retained for as long as necessary and are kept securely.
12. **Cosla Policy Position** – *none*

List of Background Papers

- (a) *none*
-

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To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Director of Finance & Resources

Heading: Accounts Commission – Roles and Working Relationships in Councils – Are you still getting it right?

1. Summary

- 1.1 Audit Scotland on behalf of the Accounts Commission has published a report entitled "Roles and Working Relationships in Councils – Are you still getting it right?". It is one of a series of reports under the umbrella of "How Councils Work". It is specifically a follow-up report to a similar report published in August 2010 when the themes and messages of the current report were first explored. Similar to the 2010 report this publication asks a number of questions of councillors and officers and these are detailed in the appendix to the report. The full report can be accessed at <http://www.audit-scotland.gov.uk/report/how-councils-work-roles-and-working-relationships-in-councils-are-you-still-getting-it-right>
 - 1.2 The key themes of the report include clarity in roles and responsibilities of members and officers; up-to-date comprehensible and effective governance documents and arrangements; effective arrangements amongst councillors and between councillors and officers; and provision to members of the skills, tools, knowledge and training they require. The Renfrewshire Council position in relation to each of these areas is outlined in section 4 of this report.
-

2. Recommendations

- 2.1 That the key messages highlighted in the Audit Scotland publication: "Roles and working relationships – are you still getting it right?" be noted; and

- 2.2 That the current Renfrewshire position in relation to the checklist points be noted.
-

3. **Background**

- 3.1 Audit Scotland has indicated that the follow-up work was undertaken to reflect the fact that the context in which local government now operates has changed markedly since the 2010 report and that local government is now much more complex and fragmented by, among other things, the growth in arms length external organisations (ALEOs), the City Region Deal programme, the integration of health and social care, the increasing use of the private and voluntary sector, the emphasis on user and community empowerment, increasing financial restraint, the growth of coalitions and cabinet government within councils and the implications on local government of the United Kingdom's decision to leave the European Union.
- 3.2 The report notes that councils need to take major decisions over how they provide services to meet current cost and demand pressures and that these approaches need to be sufficient and sustainable given the scale of the challenges ahead.
- 3.3 The report highlights that this additional complexity demands a broader set of skills of councillors, not only in option appraisal given the financial challenges facing councils but also in scrutiny, audit and risk assessment. The report emphasises that the ultimate aim of scrutiny must be to improve the quality of services and ensure that the decision-making process is clear and accessible to the public and that councillors have the skills, knowledge and confidence to lead their councils, hold officers to account and to manage this complexity.
- 3.4 The report discusses how Best Value Audits show that uptake of training by councillors is, at best, variable. The report states that training and development should be an ongoing process not just a one off induction and that councils should consider wider options including a second wave of training once councillors are settled into their roles and are in a better position to apply new learning. The report recognises that there is not an expectation that councillors should become experts or masters on every area of detail, but have the skills and knowledge in the key areas of good governance to ensure they have the capacity and capability to be fully effective.
- 3.5 The messages highlighted in the report centre on the main themes of clear roles and responsibilities and arrangements for governance that are up to date; effective working relationships with councillors and officers demonstrating appropriate behaviours; and councillors having the skills and tools to carry out their complex and evolving role. The report recognises that councils need to put in place systems for governance that fit their particular ways of working but that there are broad principles of good governance that all councils must observe. The checklists in the report are designed to help

councils assess their governance arrangements. The Renfrewshire Council position in relation to each of these checklist points is set out in section 4 of this report.

4. Renfrewshire Council Position in Relation to Checklist Points

4.1 Keeping governance up to date

- The issues raised in the report are subject to regular annual review whereby the adequacy and effectiveness of the Council's local code of corporate governance is updated in line with developments and best practice and any revised Council policies. The outcome of each annual review is reported to this Board together with a report by the Chief Auditor, following checks of evidence used to demonstrate compliance, providing the necessary assurance.
- The 2017 review mapped the Council's Code against the Chartered Institute of Public Finance and Accountancy's (CIPFA) new Code under the topics of behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; ensuring openness and comprehensive stakeholder engagement; defining outcomes in terms of sustainable economic, social and environmental behaviours; determining the interventions necessary to optimise the achievement of intended outcomes; developing capacity, including the capability of leadership and individuals; managing risks and performance through robust internal controls and strong financial management; and implementing good practices in transparency, reporting and audit to deliver effective accountability.

4.2 Clear roles and expectations

- As part of the induction process following the 2017 local government elections, members were given a briefing which addressed the respective roles of councillors and officers outlining that councillors hold public office under the law, provide strategic direction and scrutinise performance; officers give professional advice and are responsible for operational leadership and management and are employees of the Council.
- The roles and duties of councillors, including addressing public and council expectations, were set out in the councillor induction booklet. The Council has also developed role descriptions for councillors, senior councillors and conveners.
- The Council has adopted a scheme of delegation which sets out delegations to Boards, the Chief Executive, Directors, Heads of Service and other officers. This ensures that decisions are made at the lowest or most local level consistent with the nature of the issues involved. When exercising any delegated authority, officers are bound to have regard to a variety of stipulations that the Council has decided

should govern and influence the exercise of powers delegated to officers.

- Officers are also bound by the Council's Financial Regulations and Standing Orders relating to Contracts when exercising their roles.

4.3 Effective scrutiny

- In relation to reference in the report that scrutiny and audit arrangements should be independent of the Administration group on the council – this has been addressed by the Council as part of recent changes to its decision-making structure when it was agreed that the Convener and Depute Convener of this Board would be opposition members.
- The rules governing the composition of the Board also require that members of the Leadership Board and members who are Conveners of another Board may not be members of this Board.
- The Audit, Risk and Scrutiny Board's remit includes audit scrutiny, monitoring and review of service delivery, performance, policies and practice, community leadership through monitoring of other public bodies, and standards and ethics. In addition the Board conducts an annual programme of which may include areas for specific investigation.
- Again, as part of the recent review of the Council's decision-making structure, a Cross-party Sounding Board was introduced.
- Each of the policy boards has a scrutiny function and the local area committees also perform this role.

4.4 Partnerships and arms'-length bodies

- The Council has produced information for members and officers in relation to the duties of company directors and trustees.
- As part of the members' induction, an overview briefing was provided and one to one briefings as appropriate will be given to any councillor appointed to a trust, outside bodies or ALEO.
- Members were also provided with guidance prepared by the Standards Commission which provides an overview of matters they should consider when they are involved with or have been invited to participate in ALEOs.
- Revised governance arrangements, including regular monitoring, for Renfrewshire Leisure were introduced following its expansion.

4.5 The role of statutory officers

- As part of their induction, councillors were given briefings on the roles of each of the statutory officers: the Head of Paid Service (the Chief Executive); the Monitoring Officer (Head of Corporate Governance); the Chief Financial Officer (Director of Finance & Resources), and the Chief Social Work Officer (Director of Children's Services).
- The Chief Social Work Officer prepares an annual report for Council on the role and activities of the Chief Social Work Officer and the arrangements for the discharge of the functions of that office including key areas of activity.
- Statutory officers are also identified separately in the Council's Scheme of Delegated Functions.

4.6 Conduct and working relationships

- The Councillors' Code, which was introduced by the Ethical Standards in Public Life etc. (Scotland) Act 2000, sets out a protocol for relations between councillors and employees. Each councillor is provided with a copy of the Code and guidance and when signing their declaration of acceptance of office must confirm that they will undertake to meet the requirements of the Code.
- The report also suggests the establishment of local additions to the statutory Code to address local areas of friction or complaint. This Council has in place a protocol for relationships between political groups, elected members and officers which covers, among other things, member and officer respect for each other; officer advice to party groups; support services to members and party groups; relationships between officers and conveners; responsibilities of elected members and political groups; and rights of members, political groups and political group leaders.
- The Council has in place a code of conduct for employees.
- Briefings on the responsibilities of the Code of Conduct for Councillors are held regularly and councillors have access to road shows delivered by the Standards Commission providing guidance on practical application of the Code.

4.7 Councillors' skills

- The Council established a full programme of induction events and opportunities for members to be delivered to new and returning councillors following the local government elections and throughout their term of office. Details of this were also provided to all candidates. This programme was developed with input from across Council services, from leaders of the political groups and from partner

organisations. The induction programme included a strategic overview and key challenges for the Council, ward profile briefings and also introduced packs for the Leader of the Council, conveners' and the Provost, bespoke training for conveners and those appointed to quasi judicial committees/boards and one-to-one briefings as appropriate for members appointed to ALEOs and trusts.

- Members are encouraged to make use of the national elected members' portal, established by the Improvement Service, which provides a range of development opportunities including induction materials for newly-elected councillors and ongoing continuous professional development for all councillors.
- Councillors are also encouraged to produce a personal development plan, keep this under review and to refresh the content as appropriate at least every two years.
- The Chief Auditor provides a regular briefing programme for members of the Audit, Risk and Scrutiny Board, prepared in consultation with them, to assist them in fulfilling their audit committee role. This programme is approved annually by the Board.
- There will also be an opportunity for members to provide feedback on their induction and development programme later in the year.

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights**
 - (a) 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. 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** – not applicable

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Background papers: none

Summary Checklist

Questions for councillors and officers to consider



Keeping governance up to date

As a councillor:

How effective is governance in your council?

Have your views been sought over the effectiveness decision-making and scrutiny, coalition working arrangements, or multi-member ward working for example?

Do you think councillors provide strong and effective leadership?

Do you feel that the council's senior management team has the capacity and capability to deliver the council's priorities?

As a chief officer:

Have you consulted with councillors over the effectiveness of the council's governance arrangements?

Do you regularly review governance eg schemes of delegation, standing orders and working protocols?

How well has the council adapted its governance to take into account significant changes such as health IJBs and its use of arm's-length companies?

Does your annual governance statement address significant issues and identify areas for improvement?

Clear roles and expectations

As a councillor:

How well do you understand and observe the roles expected of you?

Do you need further guidance on how to fulfil your role, for example protocols for member-officer working?

Do you actively contribute to effective governance in the council, as well as fulfilling your representative role as councillor?

Are officers accessible - and to what extent do they provide the right balance between supporting the administration and supporting the council as a whole?

Where your council is led by a coalition, are the working arrangements clear?

Where your council uses the executive or cabinet system, are the roles of the executive and non-executive groups clear?

As a chief officer:

Do you feel you provide the right balance between supporting the administration and supporting the council as a whole?

Have you reviewed the council's governance documents including schemes of delegation, guidelines and protocols to ensure they are clear and easily understood?

Do you think all councillors are clear on their roles and have the necessary skills, and have you taken steps to support them?

Effective scrutiny**As a councillor:**

How open is your council to scrutiny – is scrutiny encouraged as a means to improve services and make better decisions?

Have you received training and support in your scrutiny role?

Do you actively engage in scrutiny and ask constructive and challenging questions?

Do you feel able to ask candid questions, for example about risks?

To what extent does scrutiny take into account service user and community views?

Are the chairs of the audit and scrutiny committees sufficiently independent?

Do you get sufficient information to make balanced decisions, for example on the best options for delivering services?

Does your council's scheme of special responsibility allowances reflect the importance of the scrutiny and audit functions?

As a chief officer:

Do you periodically review the effectiveness of scrutiny - including its impact on decision-making?

Are effective scrutiny and audit arrangements in place for services delivered through local partnerships or arm's-length bodies?

Do you provide councillors with comprehensive information on services, costs and risks?

Have you taken measures to engage service users and communities in scrutiny?

Partnerships and arm's-length bodies**As a councillor:**

Do you think the governance arrangements for local partnerships, the health IJB, and the council's arms-length bodies are clear and fit for purpose?

Do you have the necessary skills and abilities to undertake your role?

Do you receive support and training on your roles and responsibilities in relation to any partnership or arms-length body that you sit on?

Does your training specifically cover your legal responsibilities as a member or trustee in relation to the company or charitable trust that you are a member of?

Do you make a strong contribution through your attendance and engagement at board meetings?

Are the different aspects of the role clear eg providing strategic direction, scrutiny, audit, and representing the council or community?

Is the performance of the local body or partnership sufficiently monitored and reported to council?

Does the IJB have a common culture and purpose – is there a clear vision for improving care?

As a chief officer:

Does your council provide sufficient training and support to councillors in their roles on local partnerships and boards?

Does the council understand and observe the Following the Public Pound guidance? (eg setting clear criteria for funding, audit access, and monitoring)

Does the council have a clear rationale for council representatives having a role on outside bodies and partnerships?

Are you satisfied with the governance of the IJB including how its decisions are reported to the council?

The role of Statutory officers

As a councillor:

Do you understand the roles of statutory officers, and do you have confidence in their abilities and contribution? (eg monitoring officer, chief social work officer, chief finance officer)

Have you received sufficient training on the roles and responsibilities of statutory officers?

Do you/your committee understand how and when to consult with statutory officers?

As a statutory officer:

Do you have sufficient influence to ensure the council operates effectively?

Are you seen to be accessible in the support that you provide throughout the council?

Do you have a constructive relationship with the senior management team?

Are your views sought, and do you provide advice and direction to councillors and senior officials?

Are the responsibilities of the statutory officer roles adequately set out in the council's governance documents?

Conduct and working relationships

As a councillor:

To what extent do you think councillors work constructively together and show mutual trust and respect?

Is there a culture of trust and openness between councillors and chief officers?

Are you made aware of the behaviours and conduct expected of you?

Are cross party or group meetings and member-to-officer working groups used and do they work well?

As a chief officer:

Is sufficient guidance on roles and expected conduct available to both councillors and officers/employees?

Do you have positive and constructive working relationships with officers?

Are sufficient opportunities in place for cross party / group meetings, and for members to work with officers?

Are such meetings constructive, and do they respect the principle for public debate and decision-making?

Does the council undertake exit interviews for councillors and learn from them?

Councillor skills**As a councillor:**

How well do you understand your role in relation to the council, local community, and on partnerships and outside bodies?

Is training and development sufficient for you to do your job?

Are you able to make an effective contribution to scrutiny, audit, and financial aspects of council business?

Do you take up training opportunities and make the most of advice and support from officers?

As a chief officer:

Do you ensure that training and development opportunities are available to councillors?

Does training include essential skills in areas such as scrutiny, audit and financial decision-making

Do you give sufficient support, information and guidance to councillors across their diverse roles, including partnerships and arm's-length companies?

Do you tailor training to the individual needs of councillors make it available on an on-going basis?

Do you seek feedback on the effectiveness of training and act on this?

Has the council reviewed the facilities and support provided to councillors to help them make the best use of their time and skills?



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

On: **28 August 2017**

Report by: Director of Finance & Resources

Heading: AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT 2016/17

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period September 2016 to June 2017 when the former Audit, Scrutiny & Petitions Board met on four occasions and the new Audit, Risk & Scrutiny Board met once. 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 can also examine services provided by other organisations on issues causing public concern.
- 1.3 At the statutory meeting of the Council on 18 May 2017 the Petitions function was removed from the remit of the Board and a separate Petitions Board was created. It was also agreed that the remaining remit of the Board would include wider oversight of risk and risk management in the Council and the Board would be renamed as the Audit, Risk and Scrutiny Board.
- 1.4 During the course of the year members looked at many different subjects, including annual reports from other bodies and considered reports from the chief internal auditor.
-

2 Recommendations

- 2.1 That the Audit, Risk & Scrutiny Board report be noted.
-

3 **Issues considered by the Board during 2016/17**

3.1 **Annual Programme of Reviews**

- 3.1.1 The Board deals with its 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 Board's findings and recommendations and when approved by the Board the report is submitted to the Council for consideration.
- 3.1.2 During the period of this report the Board concluded its consideration of Ward 15 (Children's Ward) Royal Alexandra Hospital.
- 3.1.3 The former Audit, Scrutiny & Petitions Board agreed to undertake two investigations as part of its 2016/17 annual programme and also agreed a reserve item. These topics had been continued from the Board's 2015/16 annual programme. Neither of these two investigations started in 2016/17, and have been continued into this year's programme. The reserve item again did not start during the previous year's programme. However, it is proposed that the reserve item be subject of a report rather than a full investigation. The Annual Programme is the subject of a separate report on the agenda for this meeting.

3.2 **Audit and Related Matters**

- (a) **Audit of Accounts** - The Board at its meeting held on 19 September 2016 considered a report relative to the audit of the Council's 2015/16 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 that the audited financial statements would be presented to the Council for approval at its meeting on 29 September 2016.
- (b) **Annual Internal Audit Plan 2017/18** – The Board at its meeting held on 20 March 2017 agreed a risk-based Audit Plan for 2017/18. The plan took into account 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 2017/18 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 2016/17** – The Board at its meeting held on 13 February 2017 considered a report which outlined Audit Scotland's approach to the audit of the 2016/17 financial statements of the Council and the charities it controlled in order to assess whether they provided a true and fair view of the financial position of the Council, and also 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 and Corporate Risk Registers** – At the statutory meeting of the Council on 18 May 2017 the remit of the Board was expanded to include wider oversight of risk and risk management in the Council. As a consequence and in keeping with “Risk Matters”, the Council’s combined risk management policy and strategy, the Board at its meeting held on 5 June 2017 considered the Strategic and Corporate Risk Registers and Risk Management Plans 2017/18 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) **Accounts Commission and Audit Scotland Reports** – during the period covered by this report, the Board considered reports concerning Benefits Performance Audit Annual Update 2015/16 and Housing Benefit Good Practice Guide; Social Work in Scotland; Local Government in Scotland – Financial Overview 2015/16; Local Government in Scotland – Performance and Challenges 2017; and Maintaining Scotland’s Roads. Each report highlighted key points and the Renfrewshire Council position where available.
- (f) **Annual Complaints 2014/15** – The Board at its meeting held on 13 February 2017 considered a report which detailed complaints received by the Council in 2015/16 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 issues raised. The Council had received 6860 complaints in 2015/16 and the report identified how the information provided in complaints was used to improve services.
- (g) **Internal Audit Charter** – The Board at its meeting held on 19 September 2016 considered a report which advised that the Charter had been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and had been revised in April 2016 to include the Mission of Internal Audit and the Core Principles for the Professional Practice of Internal Auditing. The new Charter reflected these revisions. In addition, the report intimated that the current review had identified that it would be beneficial to include a section detailing the arrangements for internal audit in the Council’s associate and other bodies. The appointment of the Chief Auditor as the Chief Internal Auditor for the Renfrewshire Health and Social Care Integration Joint Board and recognition that Internal Audit might undertake work for other organisations on a commercial basis, where this was in the interests of the Council, was also reflected.
- (h) **National Fraud Initiative in Scotland** – The Board at its meeting on 19 September 2017 considered a report relative to Audit Scotland’s report, published in June 2016, on the National Fraud Initiative (NFI) in Scotland. The NFI was a national data matching exercise carried out by Audit Scotland with the aim of identifying instances of possible fraud or error. The NFI 2014/15 involved 104 Scottish bodies across three sectors. The

initiative which was co-ordinated in this Council by internal audit, operated on a two-year cycle with the data being downloaded and electronically matched centrally one year and the results issued, investigated and reported in the next. In October 2014 data was downloaded from the Council's systems onto the NFI website and matched. The Council had to date identified housing benefit overpayments of £202,278 and had achieved the second highest level of outcomes from their 2014/15 NFI investigations. The report highlighted that Scottish public bodies had recorded outcomes of £16.8 million since the last NFI report in June 2014. The cumulative outcomes from the NFI in Scotland were now around £110.6 million and £1.39 billion across the UK.

- (i) **Senior Officers' Register of Interests** - The Board at its meeting on 28 November 2017 considered a report which intimated that the 2015/16 annual audit report to members and the Controller of Audit issued by Audit Scotland included a recommendation that information relating to senior officers' interests should be published on the Council website and the Council should consider extending the scope of the register to other staff by 30 June 2017. The report confirmed that information from the register of senior officers' interests had been published from 28 October 2016 on the Council's website. Renfrewshire was the only Council in Scotland that had published information on the interests of its senior officers. The report noted that a review would be undertaken of these arrangements ahead of the 30 June 2017 deadline to determine whether the requirement to register interests should be extended to other officers and whether further information should be included in the information published on the website.
- (j) **2015/16 Whole of Government Accounts (WGA)** – The Board at its meeting held on 13 February 2017 considered a report which intimated that the Council was required to submit for audit each year a WGA return based on the Council's annual accounts, which once audited was submitted to the Scottish Government and then to HM Treasury for consolidation in the UK-wide public sector accounts. Unfortunately, as a result of miscommunication between the audit team and the Council's corporate finance staff, there was a late submission of information to the Scottish Government which had resulted in a technical qualification of part of the overall Whole of Government Accounts (WGA) return submitted, solely due to its late receipt. Internal accounts completion timetables and procedures had been amended to ensure no recurrence of this issue.
- (k) **Local Scrutiny Plan 2017/18** – The Board at its meeting held on 5 June 2017 considered the Local Scrutiny Plan 2017/18, 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.

- (l) **Corporate Governance** – The Board at its meeting held on 20 March 2017 considered a report which detailed the annual review of the adequacy and effectiveness of the Council's local code of corporate governance. The report intimated that based on internal audit's sample check of the evidence used to demonstrate compliance, the Council complied with the requirements of the local code. In addition, the report intimated that it was evident that the local code had been subject to review and updating in line with developments and best practice and any revised Council policies. The report noted that the Director of Finance & Resources had endorsed the Chief Auditor's recommendation that the local code should continue to be the subject of an annual review to ensure that it continued to reflect developments in best practice in governance.
- (m) **Internal Audit Annual Report 2016/17** - The Board at its meeting held on 5 June 2017 considered the annual report on the activities of the Council's Internal Audit section for 2016/17, 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 any significant risk exposures, control issues and other matters that could be used to inform the governance statement.
- (n) **Local Government Benchmarking Framework Indicator Profile 2015/16** – The Board at its meeting held on 20 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 2015/16 indicator profile against each of 68 indicators, including information relating to the performance of similar councils who had been placed into 'family groups' with Renfrewshire.
- (o) **Internal Audit and Counter Fraud Progress and Performance** – The Board considered regular reports which detailed the progress and performance in terms of the delivery of the audit plans for the internal audit and counter fraud progress. The Board at its meeting on 13 February 2017 noted that a new counter-fraud team was being established and the report noted that the current focus was establishing the priorities for the new team and no performance targets would be established for 2016/17.

- (p) **Internal Audit – External Quality Assessment** – The Board at its meeting held on 20 March 2017 considered a report which detailed the requirement in terms of the Public Sector Internal Audit Standards that an external assessment of internal audit be conducted at least once every five years. The report intimated that in March 2014, the Board had approved internal audit's participation in the peer review validated self-assessment framework developed by the Scottish Local Authorities Chief Internal Auditors' Group. The external quality assessment was undertaken by West Lothian Council, the overall conclusion of which was that Renfrewshire Council's Internal Audit function was a well-managed and effective audit service. An action plan had been developed which identified four areas for improvement, including the level of information provided to the Board. The Chief Auditor would benchmark with other local authorities and discuss options for future reporting arrangements.
- (q) **Absence Statistics** - The Board considered 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. The Annual Absence Statistics report considered by the Board held on 5 June 2017 detailed that the overall number of days lost per full time equivalent employee was 10.9 for 2016/17 which was 1.23 days above the target figure of 8.96 days.

3.3 Annual Reports by other Bodies

- (a) **Scottish Public Services Ombudsman (SPSO)** – The Board at its meeting held on 28 November 2016 considered a report which highlighted that Local Government remained the sector about which the SPSO received most complaints being 37.45% of the SPSO's total caseload for 2015/16 with the NHS again receiving the second highest number 32.88%. The report highlighted that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 56 compared with 63 in 2014/15. During the period covered by the report the SPSO determined 52 complaints against the Council. Received and determined numbers did not tally as complaints determined included cases carried forward from previous years. Of the 52 complaints determined during the period, none were fully investigated, only one was partly upheld and none were the subject of a report to the Scottish Parliament.
- (b) **Commission for Ethical Standards in Public Life in Scotland: Annual Report 2013/14** – The Board at its meeting held on 28 November 2016 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 remained high with a 19% increase over the previous year.

Whilst the number of complaints relating to failure to register or declare an interest appeared to be on a downward trend, there had been a significant increase in the number of complaints alleging failure to show respect to councillors, to officials or to members of the public. The report also referred to the increasing number of complaints about comments made on social media. Nationally during 2015/16 the Commissioner received 202 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 6 complaints had been received against Renfrewshire councillors compared with 10 in 2014/15. During the period covered by the report there were no hearings involving Renfrewshire councillors. The report noted that, as part of the elected members' training and development programme, briefings on code of conduct matters were provided to members and a new programme of briefings was in preparation for 2017.

- (c) **Scottish Information Commissioner Annual Report 2015/16** – The Board at its meeting held on 28 November 2016 considered a report which intimated that the Freedom of Information (Scotland) Act 2002 (FOISA) created a general right to obtain information from any designated Scottish public authority subject to limited exemptions. The annual report explored the performance of the Office of the Scottish Information Commissioner across the year and how FOISA could 'add demonstrable value to public services' within Scotland. It was noted that there had been a total of 540 appeals to the Commissioner in 2015/16. Renfrewshire Council had three appeals submitted to the Commissioner, two of which were from the same requester and which were subsequently withdrawn. The third fully upheld the Council's decision to refuse to release material as it was already publicly available on the Council's website and no further release of information was required.
- (d) **A Review of Housing Benefit Fraud Investigation Liaison Arrangements in Scotland** – The Board at its meeting on 20 March 2017 considered a report which intimated that responsibility for housing benefit counter fraud work transferred from local authorities to the Department for Work & Pension's (DWP) Fraud and Error Service, with Renfrewshire Council being the last authority to transfer in March 2016. The prevention, detection and investigation of fraudulent housing benefit claims were important aspects of a secure and effective benefit service. Counter-fraud activities helped to protect public funds by ensuring that fraudulent claims were identified and sanctions were applied where appropriate. The report provided findings from a review of the efficiency of the arrangements between local authorities and the DWP.

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights**
 - (a) 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. 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** – not applicable

Author: Carol MacDonald, Senior Committee Services Officer,
Finance & Resources.

To: Audit, Risk and Scrutiny Board

On: 28 August 2017

Report by: Director of Finance & Resources

Heading: **AUDIT, RISK AND SCRUTINY BOARD - ANNUAL PROGRAMME - 2017/18**

1. Summary

- 1.1 In terms of the guidelines for its operation, the Audit, Risk & Scrutiny Board prepares an annual programme which may include consideration of routine reports, as well as areas of specific investigation. A lead officer is appointed by the Chief Executive for each investigation.
- 1.2 Each year it has been the practice that members of the Board are asked to suggest topics for investigation and to provide information in relation to why the investigation should be undertaken and the anticipated outcome. A report is thereafter submitted to the Board outlining the suggestions received in order that the Board can agree its annual programme. To date members have not been asked to identify areas for investigation for the 2017/18 programme.
- 1.3 This report highlights the issues in terms of the number of reviews the Board can reasonably undertake and makes recommendations in relation to the outstanding reviews.
- 1.4 The former Audit, Scrutiny & Petitions Board agreed to undertake two investigations as part of its 2016/17 annual programme and also agreed a reserve item. These topics had been continued from the Board's 2015/16 annual programme. Neither of these two investigations started in 2016/17, and have been continued into this year's programme. The reserve item is referred to at paragraph 3.4 below and again did not start during the previous year's programme.
- Fly tipping in the countryside and known fly tipping spots
 - Housing repairs by the Council and outside contractors
 - Japanese knotweed in our landscapes and gardens (reserve)

- 1.5 The former Board also agreed to recommend for consideration by this Board a further five investigations as follows:
- Listing of Council Tax exemptions and reductions available to residents when issuing council tax notices.
 - 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
- 1.6 It is proposed that these investigations are not taken forward in the current year but are addressed as detailed in paragraphs 3.6 and 3.7 of this report. Realistically no more than two investigations can be undertaken within the Board's annual cycle of five/six meetings.
-

2. Recommendations

- 2.1 That consideration is given to the 2017/18 programme comprising only those investigations continued from the 2016/17 annual programme namely:
- 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;
- 2.2 That it be agreed that in relation to the reserve topic of Japanese knotweed in our gardens and landscapes a full investigation is not required but that a report be included in the programme as detailed in paragraph 3.4 below;
- 2.3 That it be agreed that in relation to the proposed topic of Council Tax exemptions that a full investigation is not required but that a report be included in the programme as detailed in paragraph 3.6 below;
- 2.4 That, given the amount of business before the Board, it be agreed that the remaining four investigations submitted for consideration by the previous Board be not taken forward at this time but be continued for consideration by the Board either as reserve items in this programme or as part of the 2018/19 programme, namely:
- 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.
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3. Background

- 3.1 The guidelines for the Board's operation suggest that in relation to (a) scrutiny of service delivery and performance and (b) monitoring and reviewing service delivery, performance, policies and practices, the Board may select particular areas for investigation as part of its annual programme, thereafter making recommendations to the Council. In relation to the Council's role in community leadership, the guidelines recognise that this is not clear cut and requires to be considered carefully to ensure

that the respective functions and responsibilities of other public bodies are not compromised but that the Board allows the Council to provide a forum for an informed public debate on these issues.

3.2 Where the Board has agreed to conduct investigations, generally each topic is scheduled to be considered over at least five meetings but this is dependent upon the availability of witnesses and whether the Board wishes to hear further evidence. The Board previously agreed that, given the level of business before it, there be no more than two investigations on an agenda to allow sufficient consideration to be given to each and to prevent meetings continuing into the afternoon. Realistically no more than two investigations can be undertaken within the Board's annual cycle of five/six meetings, although additional meetings can be held in terms of the Council's procedural standing orders.

3.3 The following investigations were agreed in both the 2015/16 and 2016/17 annual programmes but have not progressed:

- Fly tipping in the countryside and known fly tipping spots
- Housing repairs by Council and outside contractors

Accordingly, rather than members suggesting additional topics for investigation, it is proposed that the 2017/18 programme comprise only these two continued investigations

3.4 The former Board also agreed that there be a reserve investigation as part of its 2016/17 programme - the infestation of Japanese knotweed in our landscapes and gardens. A number of reasons for the investigation were provided, including damage to Council and private properties if left untreated, and costs to the Council. The expected outcomes of the review were suggested as: the Council working more closely with SEPA, SNH and the Forestry Commission to inform whenever an occurrence of this weed is reported; Council offering advice to residents and private landowners on how best to eradicate it; providing a list of specialist Japanese knotweed contractors; identifying any occurrence of this weed and have a strategy of removal; enforcement measures to force others to control this weed; introducing a separate waste stream at amenity sites for disposal of contaminated earth. However, it is considered that there is insufficient depth in this topic for a full investigation and that a report would give members of the Board the opportunity to ask questions and make suggestions, but would not use up a significant amount of their time.

3.5 Five topics were proposed by members for consideration in the former Board's 2016/17 annual programme which were not taken forward, see below. The former Board agreed to recommend to this Board that these topics be considered as part of its 2017/18 annual programme,

- 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.
- Listing of Council Tax exemptions

3.6 In relation to the proposal that as the Council does not list all Council Tax exemptions and reductions available to residents when issuing Council Tax notices a review be undertaken because a number of exemptions are not known or readily available. For example, many carers are not aware of possible exemptions and can end up paying many years of tax which is not refundable by back dated application, before they are

told about any possible exemption. However, as this proposal is much more to do with information available for Council Tax payers than a review of how a process or administration arrangement operates, it is unlikely to have sufficient depth to merit an investigation and it is suggested that a report would be more helpful as it would allow officers to outline how Council Tax payers are made aware of the Council Tax scheme as a whole, including exemptions and discounts and also highlight the new ways of providing customers with information, including the new customer portal. The report option would allow members of the Board the opportunity to ask questions and make suggestions, but would not use up a significant amount of Members' time. Also, as the application of discounts and exemptions is based on legislation (with limited discretion in some areas) the scope to make changes is limited.

3.7 It is suggested that the remaining four investigations proposed by the former Board for consideration by this Board be not taken forward at this time but be continued for consideration either as reserve items or as part of the 2018/19 programme, namely:

- 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

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none

7. Equality & Human Rights

- (a) 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. 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** – not applicable

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