

To: Audit, Risk & Scrutiny Board

On: 26 August 2019

Report by: Director of Finance & Resources

Heading: AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT 2018/19

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2018 to May 2019 when the Audit, Risk & Scrutiny Board met six times. The report is submitted to the Board in terms of the Council's Code of Corporate Governance.
 - 1.2 Scrutiny enables members to review decisions, policies and performance that affect the Council and helps to ensure that the services and policies meet the Council's aims and standards. The scrutiny process not only provides a means of reviewing the Council's own services but enables examination of services provided by other organisations on issues causing public concern.
 - 1.3 During the course of the year members looked at various subjects, including annual reports from other bodies and considered reports from the chief internal auditor and other audit-related matters.
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2 Recommendation

- 2.1 That the Audit, Risk & Scrutiny Board annual report 2018/19 be noted.
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Issues considered by the Board during 2018/19

3 Annual Programme of Reviews

- 3.1 The Board undertakes reviews by examining a subject through consideration of evidence from Council officers, other organisations and service users. Once all the evidence has been collected, the lead officer prepares a report on the Board's behalf outlining the findings and recommendations and following approval by the Board, the report is submitted to the Council for consideration.
- 3.2 Three of the reviews from the 2017/18 programme were completed during the 2018/19 programme, namely: fly-tipping in the countryside and known fly-tipping spots; housing repairs by Council and outside contractors; and the newly introduced speed limit in Brookfield (A761) and a report on the reserve topic of Japanese Knotweed was submitted to the Board on 25 September 2018.
- 3.3 At the meeting of the Board held on 27 August 2017 the following reviews were agreed:
- Bus deregulation and its effect on transport services in Renfrewshire;
 - Maintenance of multi-occupancy accommodation; and
 - The effectiveness of Fair Trade.
- 3.4 The review on bus deregulation and its effect on transport services in Renfrewshire was originally to be taken forward by Lead Officer Peter McCulloch, Adult Services Manager, Renfrewshire Health & Social Care Partnership. The initial scoping report was submitted to the Board on 27 August 2018. However, the Lead Officer was seconded to another post and had to withdraw from the review. A new Lead Officer has been identified, and the review is now underway.
- 3.5 The Annual programme 2019/20 is the subject of a separate report on the agenda for this meeting.

4 Training

- 4.1 In line with national guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of audit committee principles in Scottish local authorities, briefings on audit and risk-related matters is provided to members of the Board. During the period covered by this report, Board members agreed and commenced a programme of briefings which included: understanding financial statements; accounting and scrutiny issues at Northamptonshire Council; and the role of Internal Audit.

5 **Audit and Related Matters**

- 5.1 Audit of Accounts - The Board at the meeting held on 25 September 2018 considered a report relative to the audit of the Council's 2017/18 accounts. The report outlined Audit Scotland's findings and it was noted that in order to comply with the Local Authority Accounts (Scotland) Regulations 2014 the audited financial statements would be presented to the Council for approval at its meeting on 27 September 2018.
- 5.2 Annual Internal Audit Plan 2019/20 – The Board at the meeting held on 18 March 2018 agreed a risk-based audit plan for 2019/20. The plan considered the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which would provide assurance on the robustness of key internal controls, the plan sought to reflect the key priorities and challenges for the Council. Progress on the 2019/20 annual audit plan and summaries on the findings and conclusions of each audit assignment are reported to the Board on a quarterly basis.
- 5.3 Audit Scotland Annual Audit Plan 2018/19 – The Board at the meeting held on 21 January 2019 considered a report which outlined Audit Scotland's approach to the audit of the 2018/19 financial statements of the Council and the charities it controlled to assess whether they provided a true and fair view of the financial position of the Council, and whether they had been prepared in accordance with proper accounting practice. The plan outlined the responsibilities of Audit Scotland and the Council, their assessment of key challenges and risks and the approach and timetable for completion of the audit.
- 5.4 Strategic, Corporate and Service Risks – The Board at the meeting held on 5 November 2018 considered the Strategic, Corporate and Service Risks and Risk Management mid-year plans for each service of the Council and reported that no new risks had emerged that were not anticipated as part of the process to revise the risk register earlier in the year and the overall risk profile remained unchanged. At the meeting held on 28 May 2019, the Board considered the annual report for the Strategic, Corporate and Service Risks and Risk Management plans which were effective from 1 April 2019. Each service identified risks for ongoing monitoring and review and identified planned management actions to prevent and/or mitigate those risks.
- 5.5 Risk Management Annual Report – The Board at the meeting held on 28 May 2019, considered a report which outlined the corporate risk management activity that had taken place during 2018/19 in relation to the Council's risk management arrangements and strategic risk management objectives. The report provided an overview of key achievements for corporate-led risk management activity during 2018/19 and gave assurance to internal and external stakeholders of the adequacy and effectiveness of risk-management arrangements applied during 2018/19.

In addition, at its meeting held on 5 November 2019 the Board considered a report relative to a review of 'Risk Matters' - the Council's combined risk management policy and strategy. The report highlighted that risk management arrangements were well established and robust and continued to reflect good practice, was aligned to recognised standards; and took account of learning through benchmarking with other public sector organisations.

- 5.6 Accounts Commission and Audit Scotland Reports – during the period covered by this report, the Board considered reports concerning early learning and childcare; findings from the audit of the 2017/18 Council statements, annual accounts, Common Goods and Charities and other audit activity; the national fraud initiative; Council's use of Arm's Length Organisations; and an audit of housing and council tax benefit risk assessment and housing benefit performance audit 2017/18 annual update report. Each report highlighted key points and the Council position where available. The Local Government in Scotland Performance and Challenges 2017/18 annual report was considered at the Board's meeting held on 27 August 2018, and the 2018/19 report was considered at the meeting of the Board held on 28 May 2019.

The Board at the meeting held on 28 May 2019 also considered Audit Scotland's Management Report for Renfrewshire Council which identified key issues over the course of 2018/19. The report contained a summary of Audit Scotland's findings and outlined management action to address the issues raised.

A report was submitted to the Board on 27 August 2018 which updated Members on the Council response to the "Report of the Independent Inquiry into the Construction of Edinburgh Schools" and Audit Scotland's 2016/17 Audit of "The City of Edinburgh Council - Report on Edinburgh Schools". The report advised on the implications of Audit Scotland's 2016/17 audit of the City of Edinburgh Council report on Edinburgh schools. The report outlined the steps taken by this Council to address the Inquiry recommendations.

A report was submitted to the Board on 25 September 2019 relative to the impact made by the Accounts Commission and Auditor General for Scotland's performance audit "Maintaining Scotland's Roads: A follow-up report" which was published in 2016. The update report outlined the recommendations arising from the report and summarised the implications for Renfrewshire with a progress update as to how each of the recommendations had been taken forward.

- 5.7 Annual Complaints 2017/18 – The Board at the meeting held on 18 March 2019 considered a report which detailed complaints received by the Council during 2017/18 and how this information had been used to ensure that the Council delivered high quality, efficient and responsive services. A summary was included of the numbers and types of complaints received, responded to within timescales, customer satisfaction monitoring and key complaint areas including what was being done to address the issues raised. The report advised that there had been a decline in the number of

complaints the Council had received from 6364 for 2016/17 to 6098 in 2017/18 and the report identified how the information provided in complaints had been used to improve services.

- 5.8 Corporate Governance – The Board at the meeting held on 18 March 2019 considered a report which reviewed the Council's Local Code of Corporate Governance and provided evidence of how the Council complied with the code. The report advised that the code placed emphasis on relationships and behaviours between elected members and senior management; performance reporting; and council and service level plans. The code also reflected the increased importance placed by the Council on self-assessment and activities involving scrutiny of services. It also linked in with the Best Value criteria where governance and accountability were key elements against which the Council was assessed.

In addition, the Board considered a report at the meeting held on 28 May 2019 which contained the annual governance statement for 2018/19 which took account of the Internal Audit Annual Report and Director's evaluation of the operation of the governance arrangements within each service area.

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

- 5.9 Internal Audit Annual Report 2018/19 - The Board at the meeting held on 28 May 2019 considered the annual report on the activities of the Council's Internal Audit section during 2018/19, which detailed internal audit activity, purpose, authority and responsibility as well as performance relative to its plan. The annual report also provided an annual audit opinion of the overall adequacy and effectiveness of the Council's internal control environment and included details of significant risk exposures, control issues and other matters that could be used to inform the governance statement.

- 5.10 Local Government Benchmarking Framework Indicator Profile 2017/18 – The Board at the meeting held on 18 March 2019 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 2017/18 indicator profile against each of the 70 indicators. The report provided detailed information relating to the performance of similar councils which had been placed into 'family groups' with Renfrewshire and provided further context on performance across the broad service areas for elected members' scrutiny.

- 5.11 Internal Audit Findings – The Board considered quarterly reports on the findings of internal audit in terms of national guidance produced by CIPFA on the implementation of audit committee principles in Scottish local authorities, in line with which internal audit submitted regular reports on the findings of audit work to the Board based on the work of internal audit and detailing the key issues arising.
- 5.12 Internal Audit and Counter Fraud Progress and Performance – The Board considered regular reports which detailed progress and performance in terms of delivery of the audit plans for the internal audit and counter fraud teams. The Director of Finance & Resources had set annual targets to demonstrate continuous improvement. In terms of counter fraud, due to the diverse nature of fraud referrals, no formal performance targets had been established and the outcomes from investigations were monitored on a regular basis by management.
- 5.13 Absence Statistics - The Board considered quarterly reports on absence returns with the statistics broken down by service and category of staff, including information relative to absence targets and how services had performed against them. Information was also provided on supporting attendance activity and the costs of sick pay.
- 5.14 Summary of Outstanding Internal Audit Recommendations – The Board at the meeting held on 28 May 2019 considered a report in relation to follow up work to ensure internal Audit recommendations had been implemented. The report provided an update position in respect of recommendations not implemented by service management by their due date.
- 5.15 Records Management Plan Update – the Board at the meeting held on 21 January 2019 considered a report which detailed the annual review of the Council's Records Management Plan (RMP) to guide continual improvement of its record keeping. The report noted that the RMP not only offered compliance with the Public Records (Scotland) Act 2011 but also aimed to guide improvements in record keeping for the overall betterment of the Council and its work. The report advised that continual auditing and assessing of the RMP was an important element of its successful implementation and annual reports were an important part of that.

6 Annual Reports by other Bodies

- 6.1 Scottish Public Services Ombudsman (SPSO) – Annual Report 2018/18 – The Board at the meeting held on 21 January 2019 considered a report which highlighted that Local Government remained the sector about which the SPSO received most complaints being 29% of the SPSO's total caseload for 2017/18 with the NHS again receiving the second highest number 28%. The report highlighted that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 48 compared with 47 in 2016/17. During the period covered by the report the SPSO determined 48 complaints against the Council. Received and determined numbers did not tally as complaints determined included cases carried forward from previous years. Of the 48

complaints determined during the period, four were investigated; three were fully upheld; and one was not upheld.

- 6.2 Commission for Ethical Standards in Public Life in Scotland: Annual Report 2017/18 – The Board at the meeting held on 21 January 2019 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 Commission had experienced an increase in activity on public appointments but that this had been balanced by a reduction of approximately 25% in the number of complaints received about the conduct of councillors or members of public bodies. The largest category of complaints related to misconduct on individual applications.

Nationally during 2017/18 the Commissioner received 146 complaints compared with 174 in 2016/17. 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 one complaint had been received against a Renfrewshire councillor compared with four in 2016/17.

- 6.3 Scottish Information Commissioner Annual Report 2017/18 – The Board at its meeting held on 21 January 2019 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 507 appeals to the Commissioner in 2017/18. Renfrewshire Council had three appeals submitted to the Commissioner, two of which were upheld, and one case was closed without requirement for a decision as the issue was resolved with the applicant.

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

13. Climate Risk - none