

## Minute of Meeting 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

**Present:** Councillor Bill Binks, Councillor Stephen Burns, Councillor Michelle Campbell, Councillor Alison Jean Dowling, Councillor Neill Graham, Councillor Jim Harte, Councillor Emma Rodden, Councillor Jim Sharkey

### Chair

Councillor Binks, Convener, presided.

### In Attendance

K Carr, Senior Facilities Manager (Community Resources); and A McMahon, Chief Auditor, K Locke, Risk Manager, J Bartoletti, Records Manager, S Fanning, Principal HR and OD Adviser, L Belshaw, Democratic Services Manager and C MacDonald, Senior Committee Services Officer (all Finance & Resources).

### Declarations of Interest

There were no declarations of interest intimated prior to the commencement of the meeting.

## **1 Training for Audit, Risk & Scrutiny Board Members**

There was submitted a report by the Chief Auditor relative to a proposed training programme for members on audit and risk-related matters, which was prepared in line with national guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The report advised that the briefings would be delivered at alternate Board meetings and Appendix 1 to the report detailed the proposed programme.

The Chief Auditor gave a presentation on the Board's audit committee role, and outlined the roles and responsibilities of the Board whilst discharging this function. There was no statutory obligation for a local authority to establish an audit committee and the relevant CIPFA guidance stated that there was no single model structure for an Audit Committee and that each local authority should determine which arrangements best suited its circumstances. The CIPFA guidance also stated that the fundamental principles which defined Audit Committees were: effective mechanisms in place to provide independent assurance on the adequacy of the risk management framework and the associated control environment within the authority; independent scrutiny of the authority's financial and non-financial performance to the extent that it affected the authority's exposure risk and weakened the control environment; and assurance that any issues arising from the process of drawing up, auditing and certifying the authority's annual accounts were properly dealt with. Within Renfrewshire, this responsibility was discharged to members of the Audit, Risk and Scrutiny Board and the members of the Audit Panel, which comprised the Council's Corporate Management Team.

It was proposed that a meeting be held between the Board and External Audit at the conclusion of a future meeting. This was agreed.

### **DECIDED:**

- (a) That the programme of training briefings be approved;
- (b) That the presentation on "the Role of the Audit Committee" be noted; and
- (c) That a meeting between the Board and External Audit be arranged at the conclusion of a future meeting of the Board.

## **2 Summary of Internal Audit Reports for Period to 30 June 2017**

There was submitted a report by the Chief Auditor relative to the requirement in terms of the Public Sector Internal Audit Standards (PSIAS) that Internal Audit communicated the results of each engagement to the Board. The Appendix to the report provided a summary of findings in relation to final reports issued for those engagements completed during the period 16 May to 30 June 2017. The appendix detailed the category of assurance, service, engagement, assurance rating and gave recommended risk ratings for each engagement as either critical, important, good practice and service improvement.

The report intimated that in addition to the reports listed in the Appendix Internal Audit had an ongoing commitment to arrange corporate and service initiatives, progress information security matters in partnership with ICT and Legal Services, provide regular advice to officers, provision of Internal Audit services to the associated bodies for which Renfrewshire Council was the lead authority and to Renfrewshire Leisure Limited and Renfrewshire Health and Social Care Integrated Joint Board, co-ordination of the Council's Corporate Risk Management activity and management of the counter fraud, risk management and insurance teams.

It was proposed that in relation to those risks rated as critical that the Chief Auditor give consideration to whether more detailed information could be provided to the Board. This was agreed.

**DECIDED:**

(a) That in relation to those risks rated as critical that the Chief Auditor give consideration to whether more detailed information could be provided to the Board; and

(b) That the summary of Audit findings reported during the period 16 May to 30 June 2017 be noted.

### **3 Internal Audit and Counter Fraud Progress and Performance for period to 30 June 2017**

There was submitted a report by the Chief Auditor relative to Internal Audit and Counter Fraud performance from 1 April to 30 June 2017 in terms of the delivery of the Audit Plan against local and national initiatives.

The report intimated that Internal Audit monitored the progress and performance of the team on a regular basis using a range of performance indicators and reported these to members as part of this report. It was noted that actual performance of the internal audit team was ahead of target in all four areas.

No formal performance targets for fraud investigation had been established as a major part of the team's work involved being the single point of contact for the Department for Work and Pensions (DWP) Single Fraud Investigation Service and the Service Level Agreement for this work contained time targets for completing this work. A great deal of effort over the last year had been on increasing fraud awareness amongst employees to prevent fraud from occurring against the Council. The types of fraud referrals received to date were wide-ranging and the team's objective was to concentrate on investigating those referrals considered to contain the greatest fraud risk.

**DECIDED:** That the report be noted.

### **4 Internal Audit Charter**

There was submitted a report by the Chief Auditor relative to the Internal Audit Charter which was considered for review on an annual basis and was last updated in September 2016 to take account of the revised Public Sector Internal Audit Standards.

The report indicated that the Internal Audit Charter had been amended to take account of the new board structures and the Council's Associated Bodies. It was noted that no material changes were required to the Internal Audit Charter.

**DECIDED:** That the Internal Audit Charter be approved.

## **5 Review of the Adequacy of Internal Audit for the Period to 31 March 2017**

There was submitted a report by the Chief Auditor relative to the adequacy of internal audit as part of External Audit's assessment of the control environment.

The report indicated that for 2016/17, External Audit concluded that "overall" the Internal Audit Service operated in accordance with Public Sector Internal Audit Standards. However, areas of improvement were identified and a letter from Audit Scotland relating to the review of the adequacy of Internal Audit for the period to 31 March and action plan was attached as an Appendix to the report.

**DECISION:** That the report be noted.

## **6 Risk Management Annual Report**

There was submitted a report by the Director of Finance & Resources relative to corporate risk management activity which took place during 2016/17 in relation to the Council's risk management arrangements and strategic risk management objectives.

The report intimated that the Council recognised that good risk management contributed to the delivery of better financial outcomes, business objectives, better project success rates, achievement of targets and fewer unexpected problems. An environment that was risk 'aware' rather than risk 'averse' was promoted and the Council had striven to place risk management information at the heart of the key decisions that were made. This meant that they could take an effective approach to managing risk in a way that both addressed the significant challenges and enabled innovation.

It was proposed that in relation to the the move to the web-based version of the Covalent software system that information on cyber security be provided to members. This was agreed.

**DECIDED:**

(a) That in relation to the move to the web-based version of the Covalent software system that information on cyber security be provided to members; and

(b) That the continued effectiveness of the risk management framework in place and the significant contribution that it made to the Council's corporate governance arrangements be noted.

## **7 Absence Statistics - 2017/18 Quarter 1**

There was submitted a report by the Director of Finance & Resources relative to the Council's absence statistics for the period 1 April to 30 June 2017. The report provided information in relation to absence targets and how services and categories of staff had performed against them. An analysis of the reasons for absence for the period was included in the report. Information was also provided on supporting attendance activity levels by service and costs of sick pay and the overall number of days lost for Quarter 1, ending 30 June 2017 and for the equivalent quarters in previous years.

The appendix to the report detailed the absence performance of services, the Council overall, and employee groups against the set absence targets for quarter ending 30 June 2017.

It was proposed that where reports included graphs, tables etc that members be provided with these in colour. This was agreed.

### **DECIDED:**

(a) That the report for absence statistics for the period 1 April 2017 to 30 June 2017 be noted; and

(b) That where reports included graphs, tables etc that members be provided with these in colour.

## **8 Records Management Plan Update**

There was submitted a report by the Director of Finance & Resources relative to an update on the Records Management Plan (RMP).

The report intimated that in accordance with the Public Records (Scotland) Act 2011, the Council created a RMP to guide continual improvement of its record keeping. The Council's RMP was approved by Council on 25 February when it was agreed that an annual report would be submitted to the Board. Conditional agreement of the RMP was reached with the Keeper of the Records of Scotland on 16 August 2016. The Keeper had fully accepted 11 out of the 16 elements of the RMP with the remaining five elements being on an 'Improvement Route' and the Council had until 2021 to have its RMP fully agreed. The elements which still required agreement were detailed in the report.

The Records Manager intimated that the report contained an error and the recommendations should read as follows and not as detailed in the report.

(a) That the terms of the report, which provided the first annual update on the implementation of the Council's RMP be noted; and

(b) That it be agreed that, as the continual auditing and assessing of the RMP was an important element of its successful implementation over a five year period, that further annual updates be submitted to the Board.

It was proposed that further information be provided to members on security of the Council's electronic records. This was agreed.

**DECIDED:**

- (a) That the terms of the report, which provided the first annual update on the implementation of the Council's RMP be noted;
- (b) That it be agreed that, as the continual auditing and assessing of the RMP was an important element of its successful implementation over a five year period, that further annual updates be submitted to the Board; and
- (c) That further information be provided to members on security of the Council's electronic records.

**9 Accounts Commission - Roles and Working Relationships in Councils - Are you Still Getting it Right?**

There was submitted a report by the Director of Finance & Resources relative to the follow up report by Audit Scotland on behalf of the Accounts Commission "Roles and Working Relationships in Councils – Are you still getting it right?" which was a follow-up to their earlier report published in 2010 when the themes and messages of the current report were first explored. The publication asked a number of questions of councillors and officers and these were detailed in the appendix to the report. The key themes of the report included 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 required. The Renfrewshire Council position in relation to each of the areas was outlined in the report.

**DECIDED:**

- (a) That the key messages highlighted in the Audit Scotland publication: "Roles and working relationships – are you still getting it right?" be noted; and
- (b) That the current Renfrewshire position in relation to the checklist points be noted.

**10 Audit, Risk & Scrutiny Board - Annual Report 2016/17**

There was submitted a report by the Director of Finance & Resources relative to the Board's 2016/17 annual report, prepared in terms of the Council's Code of Corporate Governance, which highlighted 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 intimated that during the course of the year, members had considered many different subjects including those agreed in terms of their annual programme; annual reports by the Scottish Public Services Ombudsman, the Commissioner for Ethical Standards in Public Life in Scotland; and the Scottish Information Commissioner. the Board also considered a review of housing benefit fraud investigation liaison arrangements in Scotland. A number of audit-related matters were considered including the audit of accounts, the annual internal audit plan, Audit Scotland annual audit plan and strategic and corporate Risk Registers.

The report advised that 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. At that meeting 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 was renamed as the Audit, Risk & Scrutiny Board.

**DECIDED:** That the Audit, Risk & Scrutiny Board annual report be noted.

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

There was submitted a report by the Director of Finance & Resources relative to the Board's annual programme for 2017/18. The report intimated that in terms of the guidelines for its operation the Board was required to prepare an annual programme of activities. The former Audit, Scrutiny & Petitions Board had agreed to undertake two investigations as part of its 2016/17 annual programme: fly-tipping in the countryside and known fly-tipping spots; and housing repairs by the Council and outside contractors but neither started in 2016/17 and were continued into the 2017/18 programme. Japanese knotweed in our landscapes and gardens had been agreed as a reserve item and the topic of Council Tax Exemptions was one of the proposed topics but neither of these two investigations took place during the previous year's programme and were also continued into the 2017/18 programme.

The report proposed that the topics fly-tipping in the countryside and known fly-tipping spots, and Housing repairs by Council and outside contractors be investigated and that this would be the order of priority in which they were undertaken. The report also proposed that a full investigation was not required for the reserve topic of Japanese knotweed in our gardens and landscapes and the proposed topic of Council Tax exemptions and that a report be included in the programme for both these topics.

The report advised that there were four remaining investigations submitted for consideration by the previous Board 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.

It was proposed that the annual programme comprise the investigations already agreed as part of the 2016/17 programme, namely fly tipping in the countryside and known fly-tipping spots and housing repairs by Council and outside contractors; and that there be reports on Japanese knotweed in our gardens and landscapes and Council Tax exemptions. This was agreed.

Councillor Sharkey, seconded by Councillor Dowling, moved, in addition, that the Board's annual programme include 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. This was also agreed unanimously.

**DECIDED:**

(a) That the 2017/18 programme comprise investigations of (i) fly-tipping in the countryside and known fly-tipping spots; (ii) Housing repairs by Council and outside contractors; (iii) bus deregulation and its effect on transport services in Renfrewshire; (iv) the newly-introduced speed limit in Brookfield (A761); (v) maintenance of multi-occupancy accommodation; and (vi) the effectiveness of Fair Trade, and that this be

the order of priority in which they would be undertaken;

(b) That it be agreed that in relation to the reserve topic of Japanese knotweed in our gardens and landscapes, a full investigation was not required but that a report be included in the programme as detailed within the report; and

(c) That it be agreed that in relation to the proposed topic of Council Tax exemptions, a full investigation was not required but that a report be included in the programme as detailed within the report.