

To: Audit, Risk & Scrutiny Board

On: 24 August 2020

Report by: Director of Finance & Resources

Heading: AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT 2019/20

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2019 to March 2020 when the Audit, Risk & Scrutiny Board met five times. The report is submitted to the Board in terms of the Council's Code of Corporate Governance. This is a reduced reporting period as it is normal within the year that the Board would meet six times. However, due to the situation in relation to Covid19, all Board meetings including meetings of the Audit, Risk and Scrutiny Board were cancelled from 20 March 2020.
 - 1.2 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.
 - 1.3 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.
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2 Recommendation

- 2.1 That the Audit, Risk & Scrutiny Board annual report 2019/20 be noted.
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Issues considered by the Board during 2019/20

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 At the Audit, Risk & Scrutiny Board meeting held on 26 August 2019 the following reviews were agreed to be included in the 2019/20 programme:
- (i) maintenance of multi-occupancy accommodation – this review was completed and submitted to Council on 27 February 2020;
 - (ii) bus deregulation and its effect on transport services in Renfrewshire – the final report on this review was presented to the Board on 16 March 2020 but was continued for further information and is on the agenda for this meeting of the Board. However, given the current situation with Covid19, the report has made a recommendation to pause the Review to allow future consideration of the impact of the pandemic on bus services in Renfrewshire;
 - (iii) the effectiveness of Fair Trade – this review was completed and will be submitted to a future meeting of the Council; and
 - (iv) Conversion of grass areas to parking – this review commenced at the meeting of the Board held on 4 November 2019.
- 3.3 The Annual programme 2020/2021 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: Performance Reporting and Following the Public Pound.

5 Audit and Related Matters

- 5.1 Audit of Accounts - The Board at the meeting held on 23 September 2019 considered a report relative to the audit of the Council's 2018/19 accounts. The report intimated that the audit process was not fully complete owing to the complexity experienced in the work associated with some of the amendments, predominantly classification adjustments, and had resulted in the external auditor being unable to issue his formal opinion with regard to the annual accounts. Notwithstanding this, there were no material changes anticipated to emerge from the audit process.

The audited Annual Accounts for 2018/19 were approved for signature by Council on 26 September 2019, subject to any final adjustments to the accounts being agreed by the Director of Finance & Resources in agreement with the Convener of the Finance, Resources and Customer Services Policy Board. The audited accounts were signed on 8 October 2019, with the audit certificate being signed by Audit Scotland on 9 October 2019. There were no material changes to the annual accounts submitted to Council on 26 September 2019.

The Audited Accounts 2018/19 and the 2018/19 Audit Scotland Annual Audit Report were considered at the Board held on 4 November 2020. It was noted that the Audit Director had provided an unqualified opinion that the accounts provided a true and fair view of the Council's financial position. However, this opinion had been modified to reflect that adequate accounting records in respect of 2018/19 year end debtor and creditor balances had not been kept by the Council. Ensuring the records were accurate prior to the final accounts being certified and the complexity experienced in the work associated with some of the amendments, predominantly classification adjustments contributed to the delay experienced in concluding the annual accounts process. This had resulted in the Council missing the statutory deadline of 30 September to authorise the audited annual accounts for issue. Council finance officers, along with Audit Scotland, had now put measures in place to ensure that the issues and delays encountered in completing the 2018/19 annual accounts would not be repeated.

- 5.2 Annual Internal Audit Plan 2020/21 – The Board at the meeting held on 16 March 2020 agreed a risk-based audit plan for 2020/21. 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 2020/21 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 2019/20 – The Board at the meeting held on 16 March 2020 considered a report which outlined Audit Scotland's approach to the audit of the 2019/20 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 4 November 2019 considered the Strategic, Corporate and Service Risks and Risk Management mid-year plans for each service of the Council. Each service identified risks for ongoing monitoring and review and advised of planned management actions to prevent and/or mitigate those risks.
- 5.5 Accounts Commission and Audit Scotland Reports – during the period covered by this report, the Board considered reports concerning findings from the audit of the 2018/19 Council statements, annual accounts, Common Goods and Charities and other audit activity; Local Government in Scotland – financial overview; preparing for withdrawal from the European Union; and safeguarding public money – are you getting it right. Each report highlighted key points and the Council position where available.
- 5.6 Annual Complaints 2018/19 – The Board at the meeting held on 16 March 2020 considered a report which detailed complaints received by the Council during 2018/19 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 an increase in the number of complaints the Council had received from 6752 for 2017/18 to 8200 in 2018/19 and advised of performance on key indicators, as well as highlighting improvements made to the complaints handling process over the past year to ensure that complaints were handled well.
- 5.7 Corporate Governance – The Board at the meeting held on 16 March 2020 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.
- 5.8 Local Government Benchmarking Framework Indicator Profile 2018/19 – The Board at the meeting held on 16 March 2020 considered a report which provided an overview of Renfrewshire's performance for 2018/19, as well as outlining the wider context and trends for local authorities across Scotland. The purpose of the Framework was to support evidence-based comparisons and encourage shared learning and improvement.

The report set out the mechanisms by which the monitoring of Council services was undertaken and provided key messages for the Council from the 2018/19 indicator profile against each of the 90 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.

- 5.9 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.
- 5.10 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.
- 5.11 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.
- 5.12 Records Management Plan Update – the Board at the meeting held on 16 March 2020 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 Council achieved green status for 12 of the 14 elements assessed through the RMP. The feedback from the Assessment Team was positive with one of the two remaining amber elements being upgraded to green.
- 5.13 Fair Tax Declaration – the Board at the meeting held on 20 January 2020 considered a report related to a motion submitted to Council on 26 September 2019 in relation to the potential adoption of the "Councils for Fair Tax declaration". It was agreed that the adoption be referred to the Board for further investigation in order to provide a comprehensive understanding of the declaration and implications for the Council and its services.

The report provided an overview of the current information available to officers on the Fair Tax declaration and highlighted key initial areas for exploration. A final report was submitted to the Board held on 16 March 2020. The report provided a summary of all available information and provided a recommendation to Members that the Council noted the content but not adopt the Councils for Fair Tax Declaration at present.

6 Annual Reports by other Bodies

- 6.1 Scottish Public Services Ombudsman (SPSO) – Annual Report 2018/19 – The Board at the meeting held on 20 January 2020 considered a report which highlighted that the health sector was the sector about which the SPSO received most complaints being 35% of the SPSO's total caseload for 2018/19 with a decrease in local authority cases receiving the second highest number 31%.

The report advised that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 47 compared with 48 in 2017/17. Of the 47 complaints determined by the SPSO during 2018/19, one was upheld, and one was partly upheld.

6.2 Commission for Ethical Standards in Public Life in Scotland: Annual Report 2018/19

The Board at the meeting held on 20 January 2020 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 nationally the Commission experienced an increase in the number of complaints received by approximately 18%. The largest category of complaints related to disrespect towards employees/public. During 2018/19 the Commissioner received a total of 173 complaints, compared with 146 in 2017/18.

On 1 April 2019 Caroline Anderson commenced her term as Ethical Standards Commissioner. The annual report indicated that over the early months of her term she faced a number of key legacy issues which presented a challenge to the successful delivery of the complaints handling function. As a consequence of the issues, a restructuring proposal was developed to reshape the complaints handling function to better meet the needs of MSPs, Councillors, Board Members and members of the public. As part of the restructure a new complaints case management system was deployed, replacing the former complaints database.

6.3 Scottish Information Commissioner Annual Report 2018/19 – The Board at its

meeting held on 20 January 2020 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 560 appeals to the Commissioner which was an increase of 10% on 2017/18. In the 2018/19 period covered by the report, Renfrewshire Council had two appeals, both of which were decided in favour of the Council.

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

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