

STARRED ITEMS FROM COMMITTEE MINUTES

AUDIT AND SCRUTINY COMMITTEE – 14 MAY 2018

6. Risk Management Annual Report 2017/18

- 6.1 With reference to paragraph 3 of the Minute of the Audit and Risk Committee of 28 March 2018, there had been circulated a report by the Chief Officer Audit and Risk detailing Scottish Borders Council's responsibilities in respect of risk management and the progress made to deliver the Council's Risk Management Strategy during 2017/18. The report explained that effective Risk Management was one of the foundations of successful Corporate Governance and was recognised as such within the Council's Code of Governance. The Audit function of the Audit and Scrutiny Committee included a requirement to scrutinise the framework of internal financial control, risk management and governance throughout the Council to ensure its adequacy. The Council had undergone, and continued to undergo substantial change and with a Risk Management landscape that was dynamic, moving increasingly towards partnerships and alternative models of service delivery, the range of risks that the Council was exposed to had also increased. The report detailed the work that had been undertaken with Management to ensure that a Risk Management culture was embedded throughout working practices across the Council and the actions taken to progress this work. There had been a range of training events delivered under the Risk Management training programme. Further training and workshops were scheduled during 2018. To date, 182 managers and staff had attended these events with positive feedback being received. The report advised that Covalent had now been replaced by Pentana and managers could monitor their Business Plan Actions, Performance Indicators and Audit Actions through dedicated portals. Service Risk Registers were also accessible via these portals.

DECISION

- * (c) **AGREED TO RECOMMEND the revised Risk Management Policy Statement and Strategy 2018 for Council approval.**

7. Counter Fraud Annual Report 2017/18

With reference to paragraph 4 of the Minute of 28 March 2017, there had been circulated copies of a report by the Chief Officer Audit and Risk. The report provided an update of the Council's responsibilities in respect of fraud prevention, detection and investigation activity. The report also proposed a revised Counter Fraud Policy and Strategy for consideration by the Committee for Council approval. The report explained that during 2015 the Council refreshed its approach to tackling fraud with a refocus on prevention and detection using fraud risk assessment at its core. There was in place a 3-year counter fraud strategy and associated improvement plan to embed anti-fraud culture across the Council, taking account of reducing resources. The status of recommended improvement actions was reported to the Committee in June 2016 and in March 2017. Assurances in respect of the effectiveness of the Council's existing systems and arrangements for the prevention, detection and investigation of fraud were also demonstrated in the Annual Fraud report. The initial recommended improvement actions from the Counter Fraud Working Group had been achieved and the Group had agreed to use the Scottish Government's Counter Fraud

Maturity Model as a means of self-assessment moving forward. The Council's current position on the Maturity Model was based on examples provided in the report and was detailed at Appendix 1 to the report. The report advised that following approval of the 2018/19 Counter Fraud Strategy, targeted Fraud Vulnerability Assessments and Fraud Awareness training would be delivered to relevant Senior Managers. Members noted that, following publication of an Audit Scotland report into a significant fraud incident in another Scottish Local Authority, Scottish Borders Council would adopt recommendations contained within that report as appropriate. Ms Stacey emphasised that work to develop the Business World ERP system to hold corporate records of Gifts and Hospitalities and Registers of Interests was ongoing. In terms of savings related to fraud, under the National Fraud Initiative (NFI), the main area where savings were identified was the Council Tax Single Person Discount and the report provided statistics relating to the cases found to be fraudulent. The report also provided information relating to other NFI work which resulted in action being taken by SBC in relation to fraud. The Counter Fraud Policy Statement included an explanation of the roles and responsibilities of Corporate Management Team, Senior Management, Chief Financial Officer, Chief Officer Audit and Risk, Corporate Fraud and Compliance Officer, Internal Audit, the Audit and Scrutiny Committee and Elected Members. Officers responded to questions raised by Members.

DECISION

- * **(b) AGREED TO RECOMMEND the revised Counter Fraud Policy Statement and Counter Fraud Strategy 2018 for Council approval.**

9. Scottish Borders Council Annual Governance Statement 2017/18 and Local Code of Corporate Governance

- 9.1 With reference to paragraph 7 of the Minute of 28 March 2017, there had been circulated copies of a report by the Chief Executive seeking approval of the Annual Governance Statement to be published in the Council's Statement of Accounts for 2017/18 and endorsement of the Council's Local Code of Corporate Governance for presentation to Council for approval. The report explained that the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" urged Local Authorities to review the effectiveness of their existing governance arrangements against their Local Code and to prepare a governance statement in order to report publicly on the extent to which they complied with their own Code on an annual basis, including how they had monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period. Part of the Audit & Risk Committee's remit was to assess the effectiveness of internal controls, risk management and governance arrangements and this included 'being satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflected the risk environment and any actions required to improve it, and demonstrated how governance supported the achievements of the authority's objectives'. The Annual Governance Statement 2017/18 was detailed in Appendix 1 to the report and this explained the Governance Framework, including the key elements of the Council's governance arrangements and the Review Framework, outlining the annual review process, overall opinion and areas of further improvement. In terms of overall corporate governance, it was the Chief Executive's opinion that, although there were a few areas of work to be completed for full compliance with the Local Code, the overall governance arrangements of the Council were considered sound. The Annual Governance Statement was informed by the self-assessment of compliance against the Local Code by the officer

self-evaluation working group, the work of internal audit, external audit and inspection agencies, and by Depute Chief Executives' and Service Directors' assurance statements. This Statement would be published in the Statement of Accounts 2017/18. A number of areas for further improvement to ensure compliance with the Local Code were highlighted and were detailed in Appendix 1, paragraphs (1) to (7). The Chief Executive advised Members that the Council had improved and developed its Governance Framework and continued to demonstrate that the governance arrangements within which it operated were sound and effective.

- * (c) **AGREED TO RECOMMEND the revised Local Code of Corporate Governance for Council approval.**

JEDBURGH COMMON GOOD FUND – 6 JUNE 2018

2.2 Jedburgh Leisure Facilities Trust

There had been circulated copies of an Application for Financial Assistance from the Jedburgh Leisure Facilities Trust in the sum of £30,000 towards a £325,000 major development which would include new changing facilities, heat saving and recovery, increased disabled provision and an extension to the public area which would include an enlargement of the soft-play area as a facility in itself. The application explained that the Leisure Trust had managed the Laidlaw Memorial Pool and Fitness Centre on behalf of the Community for 15 years. The usage had increased 300% during that period and many improvements had been made, with all surpluses being re-invested in the facility. In terms of the project above the trust had already secured funding in the sum of £80,000 from Scottish Borders Council and had applied for £120,000 from SB Leader, £70,000 from SportScotland and £25,000 from BCCR which had been approved in principle. Following general discussion with regard to exploring other sources of funding available, it was agreed in principle to award the Jedburgh Leisure Facilities Trust the sum of £30,000, following confirmation and receipt of all other funding detailed in the application. The grant being paid following confirmation of costings. At the point of payment of the grant, an assessment of cash levels held by Jedburgh Common Good Fund would be required to be undertaken. It was possible that a level of disinvestment from the Kames Capital fund may be required to fund the full payment.

DECISION

*** AGREED TO RECOMMEND:-**

- (a) **in principle, that an award in the sum of £30,000 be made to the Jedburgh Leisure Facilities Trust towards a £325,000 major development as detailed above;**
- (b) **that at the point of payment of the grant, an assessment of cash levels held by Jedburgh Common Good Fund be undertaken as it was possible that a level of disinvestment from the Kames Capital fund may be required to fund the full payment;**
- (c) **that prior to the release of the funding, the applicant confirm that all other funding detailed in the application had been received;**

(d) that the funding only be released on receipt of confirmation of total costings.