

FALKIRK COUNCIL

MINUTE of the MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 23 SEPTEMBER 2013 at 9.30 a.m.

COUNCILLORS: Allyson Black
Steven Carleschi
Tom Coleman
Depute Provost John Patrick
Provost Pat Reid
Roseann Stevenson (Convener)

OFFICERS: Margaret Anderson, Director of Social Work
Hugh Coyle, Insurance Supervisor
Gary Greenhorn, Head of Educational Planning & Resources
Rhona Geisler, Director of Development Services
David McGhee, Head of Resources & Procurement
Brian Pirie, Democratic Services Manager
Bryan Smail, Chief Finance Officer
John Flannigan, Depute Chief Finance Officer
Graham Templeton, Senior Auditor

ALSO ATTENDING: Lisa Duthie, Audit Scotland
Mark Laird, Audit Scotland
Fiona Mitchell Knight, Audit Scotland
Jim Rundell, Audit Scotland

AC8. APOLOGY

An apology was received from Baillie Paterson.

AC9. DECLARATIONS OF INTEREST

No declarations were made.

AC10. MINUTE

Decision

The minute of the meeting of the Audit Committee held on 24 June 2013 was approved.

AC11. REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE CENTRAL SCOTLAND JOINT FIRE & RESCUE BOARD 2012/13 AUDIT

The Committee considered a report by the Chief Finance Officer presenting the External Auditor's report on the Central Scotland Joint Fire and Rescue Board 2012/2013 Audit.

The Police and Fire Reform Act 2013 established the Scottish Fire and Rescue Authority and wound up on 31 March 2013 the 8 Scottish Fire and Rescue Services and Authorities including Central Scotland Joint Fire and Rescue Board. The residual accounting and reporting obligations for the Board transferred to Falkirk Council.

The Board's audited accounts would be issued on 23 September 2013 and the presentation of the External Auditor's report formally concluded the 2012/2013 audit process. The accounts were unqualified with one small error uncorrected during the audit process.

The Committee sought clarification on the Board's borrowings at 31 March 2013 (£5.541m) and whether there would be any impact of this on the Council's finances. Committee also queried the arrangements for dealing with the Board's reserves.

Members noted that five of the former Scottish Fire and Rescue Services were among the 6 most expensive on the UK according to an Accounts Commission 2012 review. Members questioned the role of Audit Scotland in ensuring that the successor body represents best value.

Decision

The Committee noted the report.

AC12. REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2012/13 AUDIT

The Committee considered a report by the Chief Finance Officer on the 2012/2013 Audit.

The International Standard on Auditing 260 (ISA260) requires auditors to report specific matters arising from the audit of financial statements to those charged with governance in order that appropriate action can be taken.

The report set out significant findings together with the proposed independent audit report which confirms that the financial statements give a true and accurate view of the Council as at 31 March 2013.

Committee sought clarification on the increase in net pension's liability and the impact on an increase in employers' contributions on small organisations and in particular when their payroll was decreasing.

The Audit had identified a number of monetary errors. Committee sought further detail on the cause and likely impact of these on the Council's expenditure.

Decision

The Committee noted the report.

AC13. ANNUAL ACCOUNTS 2012/13

The Committee considered a report by the Chief Finance Officer presenting the annual accounts 2012/2013.

The audited accounts for 2012/2013 were presented together with the audited accounts for Central Scotland Joint Fire and Rescue Board for review.

Decision

The Committee agreed:-

- 1) to note audited accounts 2012/2013 for the Central Scotland Joint Fire and Rescue Board; and**
- 2) to refer the audited accounts to 2012/2013 Council for approval.**

AC14. SCOTTISH GOVERNMENT CONSULTATION – LOCAL AUTHORITY ACCOUNTS REGULATIONS

The committee considered a report by the Chief Finance Officer on the Scottish Government consultation on the Local Authority (Scotland) Accounts Regulations 1985.

The Government had undertaken a consultation on the proposals to amend the 1985 Regulations following a review. In terms of the Council's procedures for dealing with consultations, this was considered to be a technical consultation and as such an 'officer' response had been submitted by the due date. The response was presented for information.

Members sought clarification on the rationale for the review of the Regulations and on the proposal to include, in the remuneration report, the value of cash equivalent transfer value of a person's pension right.

Decision

The Committee noted the report.

AC15. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report by the Internal Audit Manager on progress with the Audit Plan for 2013/14.

56% of planned audits are complete or in progress. It is anticipated that the audit programme will be completed in full, as planned, by March 2014.

The Committee sought clarification on the assurance for Social Work clients' funds/intermediary work and the planned coverage of Falkirk Townscape Heritage Initiative work.

Decision

The Committee noted the report.

AC16. INTERNAL AUDIT – RECOMMENDATIONS OUTSTANDING

The Committee considered a report by the Internal Audit Manager on recommendations made by Internal Audit that have not been implemented by Services.

109 recommendations remain outstanding with 59 of these beyond their agreed implementation date.

Members recognised that the number of outstanding recommendations actions was decreasing and sought further detail on the actions being undertaken at senior officer level to implement recommendations.

The Committee sought clarification on the respective role of the Audit Committee and the Executive for the oversight of the outstanding recommendations. The Committee asked that the Convener discuss this further with the Chief Executive.

Decision

The Committee noted the report and requested a report by the Chief Executive on the process for reporting outstanding actions to members.

AC17. CORPORATE RISK MANAGEMENT UPDATE

The Committee considered a report by the Director of Development Services on the progress made in implementing the Corporate Risk Management Plan.

The Committee had previously approved the Corporate Risk Management Plan. The report set out the progress made, at 29 September 2013, in implementing the plan, highlighting in particular, the delivery of risk management training and guidance and the review of service risk registers.

In considering the Risk Management Framework, members sought clarification on the role of Community Planning Partnership Board and on the background to this body.

Decision

The Committee noted the report.

AC18. REVIEW OF CORPORATE RISK REGISTER

The Committee considered a report by the Director of Development Services on the review of the Corporate Risk Register.

A review of the Corporate Risk Register had been undertaken and an updated risk register had been developed, with the top 10 risks unchanged. It was now intended that Service Risk Registers would be reviewed and outcomes used to inform future iterations of the high level corporate risk register.

In regard to the risk associated with failure to properly manage assets, members sought an update on the Asset Register.

Members also sought further information and questioned proposals to provide training for members of the Committee.

Decision

The Committee noted the report.

AC19. REVIEW OF WORKING GROUPS

The Committee considered a report by the Director of Development Services on the findings of a review of corporate working groups.

A review of corporate working groups had been undertaken with a view to identifying the Terms of Reference and Remits of each group and developing a reporting structure for such groups.

Members questioned the number of working groups and their value in terms of officer time and output.

Decision

The Committee noted the report and requested that the Corporate Management Team consider the value of the current working groups with the aim of reducing their numbers.