

FALKIRK COUNCIL

Subject: AUDIT COMMITTEE ANNUAL REPORT 2013/14
Meeting: AUDIT COMMITTEE
Date: 22 SEPTEMBER 2014
Author: AUDIT COMMITTEE CONVENER

1. INTRODUCTION

- 1.1 Since its establishment in 2009, Falkirk Council's Audit Committee has continued to evolve in line with relevant guidance and good practice. The appointment of an external Lay Convener in 2011 demonstrated the commitment of the Council to maintaining a culture to support risk management, governance, and control, and confirmed the Committee's place within the Council's wider governance framework.
- 1.2 In January 2012 Members of the Committee met, without Council Officers present, to review its activities against previously agreed Terms of Reference. At that meeting, the Terms of Reference themselves were also reviewed, with revised Terms of Reference subsequently agreed at the December 2012 meeting of full Council.

2. AUDIT COMMITTEE

Purpose of Committee

- 2.1 The purpose of the Audit Committee is to support the Council in its responsibilities for risk management, governance, and control.
- 2.2 It does this by seeking assurance that an efficient and effective system of internal control is maintained, and that reasonable and proportionate arrangements have been established to ensure that assets are safeguarded, waste or inefficiency is avoided, reliable financial information is produced, value for money is continuously sought, and that Council activities are within the law.

Composition and Meetings

2.3 During 2013/14 Committee membership comprised:

- Convener: Mrs. Roseann Stevenson
- Members: Provost Reid
Depute Provost Patrick
Councillor Black
Councillor Carleschi
Councillor Coleman
Councillor Paterson

2.4 The Committee met on four occasions during the period 01 April 2013 to 31 March 2014, on the undernoted dates:

- Monday 24 June 2013;
- Monday 23 September 2013;
- Monday 16 December 2013;
- Monday 24 March 2014.

2.5 This is in accordance with the requirements of the Terms of Reference of the Committee, and an attendance schedule is attached at **Appendix 1** for information. Minutes of all meetings are submitted to full Council.

Business

2.6 The Committee considered a variety of work during the year primarily in relation to Internal and External Audit plans and reports, risk management and the Annual Accounts process.

2.7 A schedule of specific areas considered (in line with the Committee Terms of Reference) is included at **Appendix 2**.

Annual Accounts

2.8 To accommodate Annual Accounts deadlines, the Committee met in September 2013. At this meeting Members considered the ISA 260 Report To Those Charged with Governance, the Annual Governance Statement, and the Internal Audit Annual Assurance Report.

2.9 There were no significant matters raised by Audit Scotland following their examination of the 2012/13 accounts.

Internal Audit

- 2.10 The Committee reviewed and approved the 2013/14 Internal Audit Plan on 25 March 2013. The Internal Audit Plan was based on a risk assessment and took account of input from senior management. The Committee monitored the progress of the Internal Audit Plan and received reports on the key findings of the work throughout the year.
- 2.11 A summary of Internal Audit work undertaken during 2013/14 is attached at **Appendix 3**.
- 2.12 Internal Audit have now completed their first annual self assessment against the requirements of the Public Sector Internal Audit Standards (PSIAS). This provided re-assurance that their existing arrangements are broadly in line with the Standards. An Action Plan has been developed to capture all areas of (minor) non – conformance, and the Internal Audit Manager has committed to addressing these. In addition, the Section will participate in an External Quality Assessment process, organized via the Scottish Local Authorities Chief Internal Auditors Group.

External Audit

- 2.13 Representatives of Audit Scotland, the Appointed External Auditors, attend all meetings of the Committee, and presented their Annual Audit Plan on 12 March 2012. In October 2012 the Committee considered the detailed findings from the audit of the 2011/12 annual audit, with no material matters arising.

3. FUTURE PRIORITIES

3.1 As well as continuing to fulfill its core functions (as per its Terms of Reference), the Committee will also consider its role in relation to:

- the continuing developments in the risk management process;
- emerging issues and areas of risk;
- governance arrangements;
- assurance on risk management, governance and internal control from bodies responsible for services provided on behalf of Falkirk Council;
- national reports from bodies such as Audit Scotland where these impact on risk management, governance, and control.

4. RECOMMENDATIONS

4.1 Members are invited to note this report on the work of the Audit Committee.

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AUDIT COMMITTEE CONVENER

Date: 11 September 2014

AUDIT COMMITTEE ATTENDANCE RECORD 2013/14

Members

Date of Meeting	Roseann Stevenson (Convener)	Provost Reid	Depute Provost Patrick	Baillie Paterson	Councillor Black	Councillor Coleman	Councillor Carleschi
24 June 2013	N	N	Y	Y	Y	Y (Convener)	N
23 September 2013	Y	Y	Y	N	Y	Y	Y
16 December 2013	Y	Y	Y	Y	Y	Y	Y
24 March 2014	Y	Y	Y	Y	Y	Y	N

AUDIT COMMITTEE - SCHEDULE OF BUSINESS
CONSIDERED - 2013/14

Agenda Item	Date Discussed	Item Discussed	Report Author
Risk Management, Governance, and Control			
AC4 (2013/14)	24 June 2013	Corporate Governance Arrangements – Key Financial Systems Controls	Chief Finance Officer
AC7 (2013/14)	24 June 2013	Falkirk Council Assurance and Improvement Plan Update 2013-16	Audit Services
AC14 (2013/14)	23 September 2013	Scottish Government Consultation – Local Authority Accounts Regulations	Chief Finance Officer
AC17 (2013/14)	23 September 2013	Corporate Risk Management Update	Director of Development Services
AC18 (2013/14)	23 September 2013	Review of Corporate Risk Register	Director of Development Services
AC19 (2013/14)	23 September 2013	Review of Working Groups	Director of Development Services
AC28 (2013/14)	24 March 2014	Corporate Government Arrangements – Key Financial Controls	Chief Finance Officer
AC29 (2013/14)	24 March 2014	Scotland's Public Finances – Addressing the Challenges	Chief Finance Officer
Internal Audit			
AC5 (2013/14)	24 June 2013	Internal Audit: Annual Assurance Report 2012/13	Internal Audit Manager
AC15 (2013/14)	23 September 2013	Internal Audit Progress Report	Internal Audit Manager
AC16 (2013/14)	23 September 2013	Internal Audit- Recommendations Outstanding	Internal Audit Manager
AC24 (2013/14)	16 December 2013	Internal Audit Progress Report	Internal Audit Manager
AC30 (2013/14)	24 March 2014	Internal Audit Progress Report	Internal Audit Manager
AC31 (2013/14)	24 March 2014	Internal Audit Charter and External Quality Assessment	Internal Audit Manager
AC32 (2013/14)	24 March 2014	Internal Audit Plan 2014/15	Internal Audit Manager
External Audit			
AC34 (2013/14)	24 March 2014	External Audit Progress Update Report	Audit Scotland
AC35 (2013/14)	24 March 2014	Annual Audit Plan 2013/14	Audit Scotland
AC36 (2013/14)	24 March 2014	Falkirk Council – Review of Internal Audit 2013/14	Audit Scotland
Standing Orders and Financial Regulations			
N/A	N/A	N/A	N/A
Annual Accounts			
AC6 (2013/14)	24 June 2013	Annual Governance Statement	Chief Executive
AC11 (2013/14)	23 September 2013	Report to those Charged with Governance on the Central Scotland Joint Fire& Rescue Board 2012/13	Chief Finance Officer
AC12 (2013/14)	23 September 2013	Audit Report to those Charged with Governance on the 2012/13	Chief Finance Officer
AC13 (2013/14)	23 September 2013	Audit Annual Accounts 2012/13	Chief Finance Officer

APPENDIX 2

Agenda Item	Date Discussed	Item Discussed	Report Author
AC23 (2013/14)	16 December 2013	Annual Accounts 2012/13	Chief Finance Officer
AC33 (2013/14)	24 March 2014	Falkirk Council – ICT Service Review 2012/13 Report from Audit Scotland	Director of Corporate and Neighborhood Services

Note:

Agenda items relate to minutes of previous meetings

SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN
DURING 2013/14

No.	Service/Status	Review / Assignment	Level of Assurance
<i>Reviews / Assignments Complete</i>			
1.	Corporate and Neighbourhood	Fleet Management – Operator’s Licence Requirements	Substantial
2.	Finance	Debtors	Substantial
3.	Governance	Records Management	Substantial
4.	Social Work	Clients’ Funds / Intermediary Accounts	Limited
5.	All Services	Statutory Performance Indicator Verification	Substantial
6.	Social Work	CashSpot Checks	Substantial
7.	All Services	Corporate Purchasing	Substantial
8.	Development / Finance	Strategic Projects – Position Statement	N/A ³
9.	All Services	Continuous Auditing	N/A
10.	All Services	Welfare Reform – Position Statement	N/A
11.	Finance	General Services Capital Programme	Substantial
12.	Corporate and Neighbourhood / Finance	Chip and Pin and Paye.Net	Substantial
13.	Education	Site Key Control Testing (Head of Muir Primary School)	Limited
14.	All Services	Premises Managers’ Handbook Compliance – Follow Up to Previous Work	N/A
15.	All Services	Business Continuity Planning	Substantial
16.	Finance	Corporate Fraud – Ongoing Workstream	N/A
17.	All Services	Serious Organised Crime – Ongoing Workstream	N/A
18.	Social Work	Self Directed Support – Ongoing Workstream	N/A
19.	All Services	National Fraud Initiative	N/A
20.	Development	Reciprocal Review with West Lothian Council – Falkirk Council Carbon Management Arrangements	Limited
21.	Falkirk Community Trust	Repairs and Maintenance / Library Acquisitions / Payroll	As reported to Trust Board

³ NOTE: N/A = Not Applicable

	<i>Additional Reviews/Assignments Completed During 2013-14</i>		
22.	Social Work	Deferred Payments	N/A – undertaken as consultancy assignments with recommendations made to managers
23.	Education	Premises Management Arrangements at Larbert High School	
24.	All Services	Agency Worker Arrangements	
25.	Social Work	Joint Loan Equipment Store Purchasing	

	<i>2013-14 Reviews/Assignments Not Completed</i>	
1.	Development	Falkirk Townscape Heritage Initiative
2.	Internal Audit	Income Generation
3.	All Services	Data and Information Security – Governance and Practice
4.	Education	Financial Governance and Management