

FALKIRK COUNCIL

MINUTE of the MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 15 DECEMBER 2014 at 9.30 a.m.

MEMBERS: Roseann Davidson (Convener)
Councillor Steven Carleschi
Councillor Tom Coleman
Depute Provost John Patrick
Provost Pat Reid

OFFICERS: Margaret Anderson, Director of Social Work Services
Kenny McNeill, Educational Resources Manager
Gordon O'Connor, Internal Audit Manager
Mary Pitcaithly, Chief Executive
Brian Pirie, Democratic Services Manager
Stuart Ritchie, Director of Corporate and Neighbourhood Services
Bryan Smail, Chief Finance Officer
Allan Stewart, Business Improvement Manager
Amanda Templeman, Acting Depute Finance Officer

ALSO ATTENDING: Fiona Mitchell Knight and Jim Rundell, Audit Scotland

AC26. APOLOGIES

No apologies were intimated.

AC27. DECLARATIONS OF INTEREST

No declarations were made.

AC28. MINUTE

Decision

The minute of the meeting held on 22 September 2014 was approved.

AC29. INTERNAL AUDIT PROGRESS REPORT

Committee considered a report by the Internal Audit Manager summarising the progress with the 2014/15 Internal Audit Plan and on Services' progress in implementing Internal Audit recommendations.

In regard to the Audit Plan, 9 assignments had been completed to final report, 3 to draft report and 4 were in progress. 7 assignments had yet to commence. The findings from assignments completed to final report were set in appendices to the report.

The performance of Internal Audit, as measured against 5 key performances indicators was set out together with performance in the previous two financial years. In regard to outstanding audit recommendations, 6 remained from 3 reviews.

The committee sought clarification on the progress made in achieving the key performance indicator of 90% of audit recommendations accepted. It was likely that by the year end target would be exceeded and given that it was exceeded in the previous two years members queried whether it should be revised.

Members also sought assurance that the plan was achievable given resource pressures within the audit team. The Internal Audit manager confirmed that there was sufficient flexibility within the plan to ensure that he will be able to provide a balanced and full opinion on the adequacy of the Council's internal control framework in his April 2015 Internal Audit Annual Assurance Report.

Decision

The Committee noted:-

- (1) the progress with completing planned 2014/15 internal audit work;**
- (2) internal audit performance; and**
- (3) the current position in relation to recommendations, from previous audits, which are outstanding.**

AC30. FALKIRK COUNCIL EXTERNAL AUDIT PROGRESS REPORT

The committee considered a report by Audit Scotland on the progress of the 2014/15 audit plan.

The report summarised progress to date on the annual audit plan for 2014/15, together with planned audit outputs for the year and timescales for delivery. The plan focused on three key known governance performance and financial statements with 11 reviews planned. It was anticipated that all target dates for reporting would be met. Additionally the report summarised the role of Audit Scotland's performance audit and best value group and highlighted the key recommendations arising from the group's reviews to date.

The committee highlighted the pressures on local authorities' social care budgets in light of government priorities such as the NHS. Members also discussed the audit programme and sought further information on the balance struck between control audits and more strategic "public interest" reviews. In response Jim Rundell highlighted "public interest" areas such as expenses and senior officers' exit packages which although relatively low value had a significant impact on the public perception of the use of resources within local and national government.

Decision

The committee noted the report.

AC31. ICT SERVICE REVIEW FOLLOW UP

The Committee considered a report by the Director of Corporate and Neighbourhood Services on the progress being made on the action plan following Audit Scotland's review of ICT services in 2013.

The Committee had previously considered (ref AC33) a report setting out the key actions arising from Audit Scotland's review of Falkirk Council ICT services in 2012/13. An action plan had been agreed as part of the review and a follow up review was undertaken in 2013/14.

The report set out an updated action plan together with an overview of progress made in implementing the audit recommendations with particular reference to the two actions outstanding at the conclusion of the follow up review – in regard to information management and information security – both of which will be picked up as part of wider Council reviews.

In response to a question, in regard to the Council's wifi network the Business Improvement Manager advised that the roll out of wifi across the Council would be undertaken as part of the Council's technology strategy and was key to support the transition to mobile and flexible working. He also gave an update, in response to a question, on the position in regard to PSN compliance and confirmed that the Council was now in the accreditation phase and that a report would be submitted to the Executive in the new year.

Decision

The Committee noted the report.

AC32. ANNUAL REPORT ON THE 2013/14 AUDIT

The committee considered a report by the Chief Finance Officer presenting Audit Scotland's report on the 2013/14 Audit.

The report advised that the annual accounts had been audited and were unqualified. The key findings of the audit report were summarised together with details of an action plan, with 6 agreed recommendations.

The committee discussed the Council's reserves strategy and the risk, as set out by Audit Scotland, in having high levels of reserves. The Chief Executive stressed the prudence in building reserves, highlighting the anticipated funding gap, in the next financial years. Members also highlighted slippage in the capital programme and sought clarity on the rationale for including, within the plans, projects which were unlikely to progress such as Avon Gorge works. The Chief Executive responded that processes had been out in place to manage areas of slippage within the capital plan and to reprofile the plan.

The Internal Audit manager, in response to a question in regard to the blue badge parking scheme, provided an overview of the process for "policing" potential fraud, and highlighted some of associated sensitivities and risks.

Decision

The Committee noted the report.