

**FALKIRK COUNCIL**

**Subject: AUDIT COMMITTEE ANNUAL REPORT 2014/15**  
**Meeting: AUDIT COMMITTEE**  
**Date: 21 SEPTEMBER 2015**  
**Author: AUDIT COMMITTEE CONVENER**

**1. INTRODUCTION**

- 1.1 Falkirk Council's Audit Committee continues to evolve in line with relevant guidance and good practice. An external Independent Convener has been in place since 2011 which demonstrates the commitment of the Council to maintaining a culture to support risk management, governance, and control. The Committee now has an established role 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, and 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 2014/15 Committee membership comprised:

Convener	Mrs. Roseann Davidson	
Members	Provost Reid Depute Provost Patrick Councillor Murray	Councillor Carleschi Councillor Coleman Baillie Paterson

2.4 The Committee met on four occasions during the period 01 April 2014 to 31 March 2015, on the undernoted dates:

- Monday 23 June 2014;
- Monday 22 September 2014;
- Monday 15 December 2014;
- Monday 20 April 2015. (Postponed March meeting)

2.5 This is in accordance with the requirements of the Terms of Reference of the Committee. An attendance schedule is attached at **Appendix 1** for information. Minutes of all meetings are submitted to Council as part of the Volume of Minutes.

### **3. BUSINESS**

3.1 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.

3.2 Training for members was provided in the form of presentations prior to the start of formal meetings. Police Scotland's Public Sector Counter Corruption Unit provided input on initiatives to counter fraud in the public sector, and Audit Scotland updated the Committee on the narrative aspects of the financial statements.

#### **Internal Audit**

3.3 The Committee reviewed and approved the 2014/15 Internal Audit Plan on 24 March 2014. 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 at each meeting throughout the year.

3.4 An Internal Audit Annual Assurance Report, summarising the work undertaken during 2014/15 was presented to the Committee by the Internal Audit Manager on 22 June 2015<sup>1</sup>.

3.5 A summary of Internal Audit work undertaken during 2014/15 is attached at **Appendix 2**.

#### **External Audit**

3.6 Representatives of Audit Scotland, the Council's Appointed External Auditors, attend all meetings of the Committee, and presented their 2014/15 Annual Audit Plan on 12 March 2014. In September 2014 the Committee considered the detailed findings from the audit of the 2013/14 Annual Accounts, with no material matters arising.

3.7 During the year, the Committee considered progress reports on the work of the External Auditors as well as reports from them on specific areas of the Council's operations.

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<sup>1</sup> The equivalent report, on 2013/14 Internal Audit work, was presented to Audit Committee on 23 June 2014.

## **Annual Accounts**

- 3.8 At the September 2014 meeting, Members considered Annual Accounts for 2013/14, the ISA 260 Report to Those Charged with Governance, the Annual Governance Statement, and the Internal Audit Annual Assurance Report.
- 3.9 There were no significant matters raised by Audit Scotland following their examination of the 2013/14 accounts.

## **4. RISK MANAGEMENT**

### **Policy**

- 4.1 The Director of Development Services presented a report on the Corporate Risk Management Policy and Framework to the meeting on 20 April 2015. At that meeting, Members also considered and noted a report arising from a review of the Council's Corporate Working Groups.

## **5. OTHER MATERS**

- 5.1 Over the course of the year the Committee received updates on areas such as fraud prevention, Local Authority Accounts Regulations, ICT Services, and the Local Scrutiny Plan.
- 5.2 A revised Anti Fraud and Corruption Policy was approved by the Committee in September 2014.
- 5.3 Internal and External Audit representatives attend all meetings, as does the Chief Executive, Chief Finance Officer, and a representative from Democratic Services. Other senior officers attend meetings as required.

## **6. FUTURE PRIORITIES**

- 6.1 During 2015/16, Committee members will meet to consider new or emerging guidance for Audit Committees. Any required amendments to Terms of Reference (and, therefore, Standing Orders) will be submitted to the full Council for consideration and approval at the appropriate time.
- 6.2 The Convener will continue to meet with officers to discuss and enhance arrangements for servicing the Committee, particularly in relation to updating Members on relevant guidance and legislation.
- 6.3 The Committee will seek to take account of relevant good practice and guidance. Committee members may meet with Internal and External Audit, without the presence of officers, to gain assurance that the audit process is working effectively with full cooperation of officers. Actions arising from any such meeting may be brought to a formal meeting of the Committee for consideration.

6.4 As well as fulfilling its core functions (as per its Terms of Reference), the Committee will also consider:

- continuing training and development for Committee members;
- the ongoing developments in the risk management process;
- emerging issues in areas of risk and governance, including the integration of Health and Social Care;
- assurance on risk management, governance and internal control from bodies responsible for services provided on behalf of Falkirk Council.

## **7. RECOMMENDATION**

**7.1 The Committee is invited to note this report on the work of the Audit Committee and to approve its submission to Falkirk Council.**

**Roseann Davidson**  
**AUDIT COMMITTEE CONVENER**

**Date: 21 September 2015**

**AUDIT COMMITTEE - ATTENDANCE RECORD 2014/15**

<b>Date of Meeting</b>	<b>Roseann Stevenson (Convener)</b>	<b>Provost Reid</b>	<b>Depute Provost Patrick</b>	<b>Baillie Paterson</b>	<b>Councillor Murray</b>	<b>Councillor Coleman</b>	<b>Councillor Carleschi</b>
23 June 2014	Y	N	Y	N	Y	Y	Y
22 September 2014	Y	Y	Y	Y	Y	Y	Y
15 December 2014	Y	Y	Y	N	N	Y	Y
20 April 2015	Y	Y	N	Y	Y	Y	N

**SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN**  
**DURING 2014/15**

No.	Service/Status	Review / Assignment	Level of Assurance
<i>Reviews / Assignments Completed During 2014/15</i>			
1.	Corporate and Neighbourhood	Central Purchasing Unit	Substantial
2.	Corporate and Neighbourhood	Overtime, Allowance, and Payroll Change Administration	Substantial
3.	Corporate and Neighbourhood / Governance / Finance	Council House Buy Back Arrangements	Substantial
4.	All Services	Performance Indicator Verification	Substantial
5.	All Services	Continuous Auditing	Not Applicable
6.	All Services	National Fraud Initiative	Not Applicable
7.	All Services	Corporate Purchasing	Substantial
8.	Social Work	Criminal Justice Services – Position Statement	Not Applicable
9.	Development	Business Gateway Contract Monitoring	Limited
10.	Social Work	Health and Social Care Integration – Ongoing Workstream	Not Applicable
11.	Finance	Corporate Fraud – Ongoing Workstream	Not Applicable
12.	Social Work	Administration of Medicines Across Falkirk Council Care Homes	Not Applicable
13.	All Services	Senior Officer Financial Controls	Not Applicable
14.	Education	Site Key Control Testing – St Bernadette's Primary School	Substantial
15.	Finance	Non-Domestic Rates	Substantial (combined report)
16.	Development	Strategic Projects	
17.	Falkirk Community Trust	Vehicle Management and Inventory Control	Substantial

<i>Additional Reviews / Assignments Completed During 2014/15</i>			
18.	All Services	Consultation Exercises	Not Applicable
19.	Corporate and Neighbourhood	Contact Centre Security	Substantial
20.	Development	INTERREG Funding – Young SMEs – Spot Check	Not Applicable
21.	Development / Finance / Governance	Cash Spot Checks at Abbotsford House, Callendar Square, and Licensing Section	Substantial