

FALKIRK COUNCIL

MINUTE of the MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 14 DECEMBER 2015 at 9.30 a.m.

MEMBERS:

Councillor Steven Carleschi
Councillor Tom Coleman
Roseann Davidson (Convener)
Councillor Rosie Murray
Baillie Joan Paterson
Depute Provost John Patrick
Provost Pat Reid

OFFICERS:

Deirdre Cilliers, Head of Social Work Adult Services
Rhona Geisler, Director of Development Services
Kenny McNeill, Educational Resources Manager
Gordon O'Connor, Internal Audit Manager
Brian Pirie, Democratic Services Manager
Mary Pitcaithly, Chief Executive
Stuart Ritchie, Director of Corporate & Housing Services
Amanda Templeman, Acting Depute Chief Finance Officer

ALSO ATTENDING:

Jim Rundell, Audit Scotland

AC35. APOLOGIES

No apologies were intimated.

AC36. DECLARATIONS OF INTEREST

No declarations were made.

AC37. MINUTE**Decision**

The minute of the meeting of the Audit Committee held on 21 September 2015 was approved.

Baillie Joan Paterson joined the meeting following this item.

AC38. ORDER OF BUSINESS

In terms of Standing Order 14.2(i), the convener varied the order of business from that detailed on the agenda for them meeting. The following items are recorded in the order that they were taken at the meeting.

AC39. EXTERNAL AUDIT UPDATE

The committee considered a report by their External Audit Manager providing an update on 2015/16 External Audit work.

The report summarised:

- Audit Scotland's governance work, which included reviews of Internal Controls and Governance, ICT, and the National Fraud Initiative;
- The outcomes of national audit work, in particular Scotland's Public Sector Workforce: Impact Report;
- Progress against the 2015/16 External Audit plan; and
- The process for appointing an External Auditor for the period 2016/17 to 2020/2021.

Members sought clarification on the process of appointing the Council's next External Auditors. It was considered good practice to rotate audit teams to maintain independence and to 'freshen' the audit relationship. Mr Rundell confirmed that it was likely that the new team would be a private sector firm. For the previous 3 'rotations' Falkirk Council had been 'held' by Audit Scotland. He confirmed, following a question, that procedures were in place should an authority require to raise a complaint in regard to private sector auditors. He also gave an overview of the audit process in regard to the Integration Joint Board.

The committee discussed the audit plan for 2015/16 and sought assurance that the work could be completed before the handover to new auditors in September 2016. Both Mr Rundell and the Acting Deputy Chief Finance Officer confirmed that learning points arising from the audit of the accounts for 2015/16 would be implemented for the 2016/17 audit process.

Decision

The committee noted the report.

AC40. REVIEW OF INTERNAL AUDIT 2015/16

The committee considered a letter from Audit Scotland setting out the findings of its review of Internal Audit 2015/16.

Audit Scotland's Code of Audit Practice requires the Council's external auditor to undertake, annually, an assessment of the adequacy of the internal audit function.

Following a review and assessment, Audit Scotland concluded that Internal Audit operates in compliance with the Public Sector Internal Audit Standards (PSIAS) and has appropriate documentation standards and reporting procedures in place.

The report also highlighted those areas of Internal Audit work on which Audit Scotland will place reliance.

The Internal Audit Manager provided an update on the arrangements for auditing the Integration Joint Board. A report will be submitted to the Board when it becomes fully operational on 1 April 2016 setting out proposals for the Internal Audit function. In response to questions from the committee, Mr O'Connor confirmed that Internal Auditors from the Council and the Health Board would continue to work closely to review the governance arrangements for the Board prior to its start date.

Decision

The committee noted the report.

AC41. INTERNAL AUDIT PROGRESS REPORT

The committee considered a report by their Internal Audit Manager providing an update on the Internal Audit Plan for 2015/16.

In regard to the plan, 9 assignments had been completed, 6 were in progress and 6 had not yet started.

Internal Audit performance to date, as measured by 5 key performance indicators, was broadly comparable to performance at the same point in 2014/15.

The report set out the key findings of those assignments which have been completed in 2015/16, and the position in relation to recommendations outstanding.

The committee sought an explanation for the limited assurance provided following the review of civic events and receptions. The Internal Audit Manager confirmed that the review identified the potential to better capture the documentation and rationale for decisions taken. It was not intended that the outcome would be an overly bureaucratic process.

The Internal Audit Manager provided details in regard to the current review of reducing bureaucracy in schools. The focus of the review was to ensure that the application of the controls in place were efficiently applied across the service, streamlining where possible.

Members sought confirmation on the reasons why a number of planned reviews had not yet started and asked whether there was criteria for scheduling reviews. The Internal Audit Manager stated that, for example, the reviews around financial risks had been completed first because Audit Scotland placed reliance on these, and that the review of information security was programmed to begin once the mobile and flexible working pilot was underway. Additionally, auditors had comfort as a consequence of previous reviews of information systems, such as Integra and SEEMIS. All reviews would be completed in 2015/16.

Decision

The committee noted:-

- (1) the progress in completing planned 2015/16 Internal Audit work;**
- (2) the Internal Audit performance, as reported at paragraph 2.3 of the report;
and**
- (3) the position in relation to Recommendations Outstanding.**

AC42. BEST VALUE AUDIT 2014/15

The committee considered a report by the Director of Corporate and Housing Services setting out how Council will address issues arising from Audit Scotland's best value review of Falkirk Council.

The controller of Audit published his findings following a best value audit review of Falkirk Council by Audit Scotland.

Council considered a report on the review and findings on 7 October 2015 and agreed an Improvement Plan to address the issues raised in the audit. Council also agreed that there will be further discussion between the Leader of the Council, the Leader of the Opposition and the Provost regarding its implementation and agreed to receive a report on progress with the actions set out in the plan in March 2016.

The committee discussed the Business Transformation Board and the review of Standing Orders. The Director of Corporate and Housing Services confirmed that the Board had met once since Council on 7 October and that the minutes of its meetings would be submitted to the Budget Working Group. Members stressed the need for the review of Standing Orders to be completed by 31 March 2016. The committee discussed the role of members in decision making, stating that input and involvement should be at an early stage. The Chief Executive acknowledged the point, highlighting the purpose of policy development panels and scrutiny panels as examples of early member involvement in the decision making process.

The committee discussed the Improvement Plan. The convener stated that the Audit Committee would monitor its progress and have regard to any slippage. The committee discussed the recommendation from Audit Scotland that the Performance Panel should meet in public. Council had not agreed with this and meetings will be held in private although the agendas and papers will be available online. Following a discussion on this, the Chief Executive stated that Council had made its decision following debate and there was cross party support on this.

Following a question, the Chief Executive stated that she was unaware of formal protocols in regard to MSPs/MPs corresponding with elected members. However, this would be clarified. The committee then discussed training for elected members and questioned whether training in regard to scrutinising performance should be mandatory of all members. The Director of Corporate and Housing Services confirmed that training would shortly be provided for this but there had been no directive from elected members that participation should be mandatory.

Decision

The committee noted the report.