

The background of the page features a large, light blue watermark of the University of Alberta crest. The crest is a shield divided into four quadrants. The top-left quadrant shows a building with a diagonal beam of light. The top-right quadrant shows a stag's head with a cross on its antlers. The bottom-left quadrant shows a three-masted sailing ship on the water. The bottom-right quadrant shows a beaver. Above the shield is a crown with four maple leaves. Below the shield is a banner with the motto 'ANNE FOR A'.

Agenda Item 3

Minute

ANNE FOR A'

FALKIRK COUNCIL

Minute of the meeting of the Audit Committee held in the Municipal Buildings, Falkirk on Monday 20 June 2016 at 9.30 a.m.

Members: Steven Carleschi
Tom Coleman
Roseann Davidson (Convener)
Rosie Murray
Baillie Joan Paterson
Depute Provost John Patrick

Officers: Gary Greenhorn, Head of Planning & Resources
Gordon O'Connor, Internal Audit Manager
Brian Pirie, Democratic Services Manager
Stuart Ritchie, Director of Corporate & Housing Services
Amanda Templeman, Acting Depute Chief Finance Officer

Also Attending: Jim Rundell, External Audit Manager, Audit Scotland

AC14. Apologies

An apology was intimated on behalf of Provost Reid.

AC15. Declarations of Interest

No declarations were made.

AC16. Minute

In regard to item AC13 – Best Value Improvement Plan, the Director of Corporate & Housing Services gave an update on progress in implementing the plan since the last meeting.

Decision

The minute of the meeting of the Audit Committee held on 18 April 2016 was approved.

AC17. Internal Audit: Annual Assurance Report 2015/16

The committee considered a report by the Internal Audit Manager on the Internal Audit programme for 2015/16.

The report summarised:-

- Internal Audit work completed in 2015/16 and the overall assurance on the Council's control framework based on that work;
- Internal Audit's performance against established key performance indicators; and
- an update on Internal Audit's compliance with Public Sector Internal Audit Standards.

In response to a question the Internal Audit manager explained the arrangements in place for auditing the Integration Joint Board.

In regard to the 2015/16 Audit programme, the committee sought further detail on the audit of mobile device security and the factors resulting in limited/substantial assurance being provided. The Internal Audit Manager explained that the substantial assurance was around the governance arrangements in place but that there was room for improvement in regard to device set up and turnaround. He confirmed that these were being addressed. In terms of device security he confirmed that the procedures complied with national requirements.

He also provided further detail in regard to the audits of SEEMIS Security and Management and Pensions Administration, noting in the latter case that an audit plan would be approved by the Pensions Committee.

Decision

The committee noted:-

- (1) that sufficient Internal Audit activity was undertaken to allow a balanced assurance to be provided;**
- (2) the Internal Audit provided substantial assurance on the Council's control framework for the year to 31 March 2016;**
- (3) that Audit Scotland will place formal reliance on the work of Internal Audit;**
- (4) that the performance against Key Performance Indicators for the year to 31 March 2016 set out at paragraph 3.5; and**
- (5) that Quality Assurance and Improvement Programme outputs confirm no material non-conformance with the Public Sector Internal Audit Standards.**

AC18. Annual Governance Statement 2015/16

The committee considered a report by the Chief Executive presenting the Annual Governance Statement for inclusion in the Council's 2015/16 Annual Accounts.

The report summarised:-

- the arrangements for reporting on the Council's governance framework for the year to 31 March 2016; and
- the six principles of good governance as defined in the 2007 CIPFA and SOLACE guidance "Delivering Good Governance in Local Government".

A draft Annual Assurance Statement was provided.

The Director of Corporate and Housing Services gave a summary of progress in regard to the key projects which formed the Business Transformation project.

Decision

The Committee approved the draft Annual Governance Statement and noted:-

- (1) the Council's compliance with requirements for an annual review of the effectiveness of the Council's system of internal control, and inclusion of an Annual Governance Statement in the Annual Accounts; and**
- (2) that the Annual Governance Statement will form part of the Council's 2015/16 Annual Accounts.**

AC19. Falkirk Council Annual Accounts 2015/16 and Falkirk Temperance Trust Accounts 2015/16

The committee considered a report by the Director of Corporate and Housing Services presenting Falkirk Council's Annual Accounts together with Falkirk Temperance Trust's Accounts 2015/16.

The unaudited annual accounts for both the Council and the Trust were, in terms of the Local Authority Accounts (Scotland) Regulations 2014, required to be submitted to the Auditor by 30 June 2016. A set of each would be presented to Council on 22 June 2016 and would be available for inspection online on 20 June.

In response to a question the Acting Depute Chief Finance Officer explained how the Council values its council houses. Although the methodology had changed recently there was no impact on the accounts.

Decision

The committee approved the report.

AC20. Why the Accounts Matter

The committee considered a report by the Director of Corporate and Housing Services presenting Audit Scotland's report "Why Accounts Matter".

"Why Accounts Matter" emphasised the importance of financial statements and their place in the governance and accountability framework. It highlighted the role of elected members in the accounts process and identified members three key duties as:-

- to scrutinise and approve the accounts;
- to consider the financial results when setting future budgets and reserves policies; and
- to consider the annual audit report and hold officers to account on areas of concern reported.

Jim Rundell gave a short overview of Audit Scotland's report.

Decision

The committee noted the report.

AC21. Review of Systems of Internal Control

The committee considered a report by the Director of Corporate and Housing Services presenting the findings of Audit Scotland's review of the Council's Systems of internal Control.

Audit Scotland had reviewed the Council's main financial systems and had not found significant issues.

However an action plan; to address 7 points, had been drawn up following the review. The plan included 2 action points from 2014/15 which had not been addressed.

Members of the committee noted that Council had suffered an 11% reduction in funding and highlighted the impact of this on the Council's ability to deliver services. Members also highlighted Audit Scotland's advice to make the most of the funding available. Mr Rundell expanded upon the advice at the request of members.

The Director of Corporate and Housing Services gave an overview of the current position in regard to the implementation of the Community Empowerment (Scotland) Act and its implications for Council.

Decision

The Committee noted the report and the proposed management actions.

AC22. External Audit Progress Update Report

The committee considered Audit Scotland's Progress report for 2015/16.

Mr Rundell gave an overview of the report. In regard to the Council's governance arrangements, he confirmed that Audit Scotland would cease to be the external auditors on 30 September, and summarised the transition arrangements.

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 a review of 'Developing Financial Reporting in Scotland'; and
- progress against the 2015/16 audit plan.

Decision

The committee noted the report.