

The background of the slide is the coat of arms of the City of Vancouver. It features a shield divided into four quadrants. The top-left quadrant shows a city skyline with a bridge. The top-right quadrant shows a stag's head with antlers. The bottom-left quadrant shows a sailing ship on the water. The bottom-right quadrant shows a grizzly bear. Above the shield is a crown with four maple leaves. Below the shield is a banner with the motto "A NE FOR A".

Agenda Item

4

Minute

FALKIRK COUNCIL

Minute of the meeting of the Audit Committee held in the Municipal Buildings, Falkirk on Monday 13 March 2017 at 9.30 a.m.

Members:

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

Officers:

Karen Algie, Head of HR and Business Transformation
Rhona Geisler, Director of Development Services
Gary Greenhorn, Head of Planning and Resources
Kathy McCarroll, Chief Social Work Officer
Joe McElholm, Head of Social Work Adult Services
Colin Moodie, Depute Chief Governance Officer
Gordon O'Connor, Internal Audit Manager
Mary Pitcaithly, Chief Executive
Brian Pirie, Democratic Services Manager
Amanda Templeman, Acting Depute Chief Finance Officer

Also Attending:

Stephen Reid, Ernst and Young

AC33. Apologies

No apologies were intimated.

AC34. Declarations of Interest

No declarations were made.

AC35. Minute

Decision

The minute of the meeting of the Audit Committee held on 12 December 2016 was approved.

AC36. Corporate Risk Management Update

The committee considered a report by the Director of Corporate and Housing Services presenting a revised summary of corporate risks together with an update in progress made in embedding the Corporate Risk Management (CRM) policy and framework.

The Audit committee had, on 18 April 2016 (ref AC11), requested 6 monthly updates on progress in embedding the CRM policy and framework. The second such update was presented.

The risk register had been updated to ensure that the risk details include meaningful consequences, lessons learnt and measurable actions.

The committee sought clarification on the timescales for the projects which form the Council of the Future change programme. In response to a question in regard to the risks should Council run out of money, the Chief Executive explained that different risk scenarios had been modelled and that Council's operated within an extensive support network so that should such an unlikely scenario arise, Council would be able to function and meet its statutory obligations. The Acting Depute Chief Finance Officer explained that there were risks in longer term financial planning given the number of assumptions made but confirmed that officers would look to develop models for 5 years+.

The committee was also provided with further information in regard to:-

- where responsibility lay for Equalities duties;
- training for elected members on Community Empowerment and Asset Transfer in particular;
- the Grangemouth Energy Project; and
- the risks in not consulting and engaging with elected members in key strategic decisions.

Decision

The committee:-

- (1) noted the revised Corporate Risk Register and background information as detailed in appendices 1 to 4 of the report;**
- (2) noted the progress in embedding the Corporate Risk Management (CRM) arrangements;**
- (3) noted that the next report, in Autumn 2017, will include the outcomes of the following reviews:**

- (a) Corporate Risk Register and Corporate Working Group reviews;**
 - (b) West Lothian Council's Internal Audit Team CRM Follow-up Audit; and**
 - (c) CMT and Members' Risk Workshop (to take place after the summer recess); and**
- (4) agreed that a CRM update will be provided to a future meeting of the Executive.**

AC37. Internal Audit Progress Report

The committee considered a report by their Internal Audit Manager providing an update on the Internal Audit Plan for 2016/17.

In regard to the plan for 2016/17, 21 assignments had been set with a further 5 assignments added over the course of the year. Of the initial 21 assignments, 9 assignments had been completed, 7 were in progress and 5 had not yet started. Of the 5 additional assignments, 4 had been completed, with the remaining assignment in progress.

Four reviews will be deferred into future years' plans. These are:-

- Code of Corporate Governance;
- Welfare Reform;
- Housing Rents; and
- Procurement from external providers of Social Work services.

In response to a question, the Internal Audit Manager summarised the key findings of the audit of building security and the progress made to address the recommendations. He then clarified the findings in regard to the audit of redundancy and severance arrangements, in particular in regard to the implementation of policies. In response to a question, the Internal Audit Manager explained the reasoning for deferring the planned review of procurement from external providers of social work services.

Internal Audit performance to date, as measured by 5 key performance indicators, was broadly comparable to performance at the same point in 2015/16.

The report set out the key findings of those assignments which had not previously been reported to committee.

Decision

The committee noted the progress being made in completing the 2016/17 Internal Audit Plan.

Councillor Carleschi joined the meeting during consideration of the previous item.

AC38. Internal Audit Plan 2017/18

The committee considered a report by the Internal Audit Manager presenting the Internal Audit Plan 2017/18 for approval.

The proposed audit plan for 2017/18 was set out in an appendix to the report. The programme included 21 assignments.

A joint working arrangement with Clackmannanshire Council had been agreed. As a result, Falkirk Council's Internal Audit team will provide management and supplemental resources to deliver Clackmannanshire Council's internal audit programme. The report set out the benefits to Falkirk Council in the arrangement together with risks. A total of 186 days of auditor time, plus 70 days of Internal Audit Manager time will be allocated to the arrangement. The agreement will be initially for a 12 month period, with evaluation after 6 months and includes the ability to terminate the pilot at short notice.

The committee sought assurance in regard to the benefits of the agreement with Clackmannanshire Council and on the impact on the ability of the Internal Audit team to deliver its plan for 2017/18. The Internal Audit Manager confirmed that the risks had been assessed but considered that the arrangement would benefit both Falkirk Council and Clackmannanshire Council and that it would not prevent the audit plan being delivered. He confirmed that fewer days were allocated to the same number of assignments in 2017/18 compared to 2016/17. However, he stressed that the plan was realistic and deliverable.

Decision

The committee:

- (1) noted work undertaken to date to develop the joint working arrangement with Clackmannanshire Council and that this would be implemented on a pilot basis for 2017/18; and**
- (2) agreed the proposed Falkirk Council Internal Audit Plan 2017/18.**

Councillor Coleman left the meeting following consideration of the previous item.

AC39. Annual Audit Plan

The committee considered the external auditor's Annual Audit Plan 2017/18.

Ernst and Young had been appointed as the Council's external auditor for the period 2016/17 to 2020/21.

The report set out:-

- the public sector audit framework;
- understanding the Council;
- financial statements audit;
- wide scope audit framework; and
- team, fees and deliverables.

The committee asked questions of Mr Reid in regard to the arrangements for auditing the pensions fund, the wider context within which councils operate and the sources of the Council's own self evaluation exercises upon which the external auditor will rely.

The plan summarised the assessment of the key challenges and risks facing the Council and reflected the risks and priorities facing the Council.

Decision

The Committee noted the external auditor's Annual Audit Plan for 2017/18.

Provost Reid left the meeting during consideration of the previous item.

AC40. Accounts Commission Report – Social Work in Scotland

The committee considered a report by the Chief Social Work Officer presenting the findings of the Accounts Commission's report on "Social Work in Scotland" together with a response to the findings.

The Accounts Commission published its national report on "Social Work in Scotland" in September 2016. The report set out 22 recommendations for Councils covering social work strategy and service planning, governance and scrutiny arrangements, workforce and service efficiency and effectiveness. The recommendations were set out together with Council's response to these.

The Chief Executive and Chief Social Work Officer responded to a question in regard to the recommendation that elected members should "assure themselves that the quality of social work service is being maintained and Councils are managing the risks effectively". The Chief Social Work Officer summarised the processes for measuring people's satisfaction with these services following a question and set out the processes for benchmarking with other Councils.

The committee discussed at length the significant financial challenges which face social work services and the factors, such as "real term reduction" in Council spending and the changing demographic landscape.

Decision

The committee noted:-

- (1) the content of the Accounts Commission's national report "Social Work in Scotland", attached at appendix 1 to the report, and in particular the key messages and recommendations; and**
- (2) that the Chief Social Work Officer had provided a detailed response, attached at appendix 2 of the report, which addressed each of the recommendations made by the Accounts Commission.**