

The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest is 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**

**3**

**Minute**

**FALKIRK COUNCIL**

**Minute of the meeting of the Audit Committee held in the Municipal Buildings, Falkirk on Thursday 28 September 2017 at 2.40 p.m.**

**Members:**

Provost Tom Coleman  
Nigel Harris  
Cecil Meiklejohn  
Pat Reid

**Officers:**

Karen Algie, Head of HR and Business Resources  
Danny Cairney, Accountancy Services Manager  
Rhona Geisler, Director of Development Services  
Kenny McNeill, Children's Services Resources Manager  
Brian Pirie, Democratic Services Manager  
Stuart Ritchie, Director of Corporate and Housing Services  
Bryan Smail, Chief Finance Officer  
Isabel Wright, Senior Auditor

**Also Attending:**

Keith MacPherson, Ernst and Young  
Stephen Reid, Ernst and Young

**AC10. Apologies**

Apologies were intimated on behalf of Roseann Davidson and Councillor Coombes.

In the absence of the convener, Councillor Reid took the chair.

**AC11. Declarations of Interest**

No declarations were made.

**AC12. Minute**

**Decision**

**The minute of the meeting of the Audit Committee held on 21 August 2017 was approved.**

### **AC13. Internal Audit Progress Report**

The committee considered a report by the Internal Audit Manager setting out progress in completing the 2017/18 Internal Audit Plan together with an update on outstanding recommendations.

The plan had included 21 assignments. A further two audits had been included since the plan was agreed by the Audit Committee. These were:-

- Carbon Reduction Commitment Energy Efficiency Scheme; and
- LEADER funding.

At 19 September 2017, 5 draft/final reports had been issued, 9 audits had begun and 9 had yet to begin. This was broadly comparable with progress in the previous year. In regard to outstanding audit recommendations, 15 had yet to be actioned.

In response to a question in regard to an audit of building security, the Head of HR and Business Transformation confirmed that progress in implementing recommendations would be monitored by the Corporate Risk Management Group. She confirmed, in response to a question, that it was appropriate that this body oversaw the work and not the Building Co-ordinator.

The Children's Services Resources Manager confirmed, following a request for an update, that work had been completed on the new door entry system at Camelon Education Centre and that further works were planned.

The Senior Auditor confirmed that the audit of LEADER funding was a condition of the LEADER funding agreement.

#### **Decision**

**The committee noted:-**

- (1) progress being made with completing the 2017/18 Internal Audit Plan, and**
- (2) the position in relation to recommendations outstanding.**

### **AC14. Corporate Risk Management Update**

The committee considered a report by the Director of Corporate and Housing Services summarising progress with embedding the

Corporate Risk Management (CRM) policy and framework and presenting a revised Corporate Risk Register.

Actions since the last 6 monthly report (on 13 March 2017 ref AC36) included:-

- development of the risk details for each corporate risk to ensure they include meaningful consequences, lessons learnt, and measurable actions;
- a review of Corporate Working Groups had been progressed, and integrating the Corporate Risk Register and Corporate Working Group reviews. Again, work to date was reflected in the risk register;
- further work to embed CRM arrangements within the Council of the Future Program and to develop Members' and officers' training and development programs; and
- West Lothian Council's Internal Audit Team had undertaken a follow up review of CRM arrangements in early 2017. They had provided Substantial Assurance, but noted that work was required to further embed the Policy and Framework fully across Services.

The risk register had been updated since last reported and was appended for information.

The committee sought clarification on the arrangements for identifying and mitigating risks associated with the Integration Joint Board (IJB). The Head of HR and Business Transformation confirmed that the Board had its own risk register and undertook to provide information on the mechanism for providing the Council with assurance in regard to IJB risks.

Members discussed the implications if the attainment gap (risk CRR-CS-01) could not be closed and sought assurance that Children's Services intended to replace those Quality Improvement Officers who had left the Service. The Children's Services Resources Manager confirmed that they would be replaced and stated that attainment continued to improve. The committee then discussed the implications of the Scottish Government's review of Governance of Education and in particular proposals to transfer responsibility to schools, identifying risks which may arise from the proposal.

## **Decision**

**The committee:-**

- (1) noted the actions taken to further embed risk management across and within Services;**

- (2) **noted the revised Corporate Risk Register and background information, as detailed in appendices 1 to 4 of the report, and**
- (3) **agreed to refer the report to the Executive for consideration.**

**AC15. 2016/17 Annual Audit Report to Members and the Controller of Audit**

The committee considered a report by the Director of Corporate and Housing Services presenting the 2016/17 Annual Audit Report by the Council's External Auditors, Ernst & Young LLP, together with proposed Audit opinion and letter of representation by Ernst & Young LLP.

Stephen Reid, from Ernst and Young, gave an overview of the Audit Report together with a summary of the proposed Best Value follow up review of Falkirk Council in November 2017.

**Decision**

**The committee noted:-**

- (1) **the report, and**
- (2) **the audit and action plan set out in appendix 1 to the report.**

**AC16. Annual Accounts 2016/17**

The committee considered a report by the Director of Corporate and Housing Services presenting the audited accounts for 2016/17.

The draft accounts had been submitted to the Controller of Audit by 30 June and had been considered by the committee on 13 August 2017 (ref AC8).

The accounts had now been audited by Ernst and Young and were presented for approval. The audit certificate was free from qualification.

Following a question in regard to the status of Falkirk Community Stadium Limited (FCSL), the Director of Development Services provided background to the ownership of Falkirk Stadium and the current ownership status. She confirmed that the post of Chief Executive was currently vacant. It had been proposed that assets held by FCSL be transferred to the Falkirk Community Trust. However,

factors including the Barclay Review had caused a review of the proposal.

The Chief Finance Officer confirmed, in response to a question, that the Council recouped business rates raised in the Council area.

Members highlighted funds held for organisations of which the Council was a trustee and sought clarification as to why these organisations were not audited while the Falkirk Temperance Trust's accounts were audited. Mr Reid confirmed that the difference was because the Trust was a registered charity.

### **Decision**

**The committee approved the audited annual accounts for 2016/17.**

## **AC17. Temperance Trust Annual Accounts 2016/17**

The committee considered a report by the Director of Corporate and Housing Services presenting Falkirk Temperance Trust's audited annual accounts 2016/17 for approval.

The accounts had now been audited by Ernst and Young and were presented for approval. The audit certificate was free from qualification.

### **Decision**

**The committee agreed to recommend approval of the audited annual accounts of the Temperance Trust to its Trustees.**

## **AC18. Council of the Future – Update**

The committee considered a report by the Director of Corporate and Housing Services providing an update on the Council of the Future project.

The committee had requested, at its meeting on 21 August 2017 (ref AC8), updates at each meeting on the project plan progress.

The report by the Director of Children's Services had been considered by Council on 20 September 2017 (ref FC33) summarised progress to date in the Council of the Future project and set out a proposed Council of the Future Programme. Council had approved the programme.

In response to questions on the management of the programme and in particular the mechanisms to ensure that the project is delivered on target, the Head of HR and Business Transformation set out the governance arrangements, which include the establishment of a project risk register.

Members stated that it was important that milestones are set and adhered to, referencing similar comments by the Council's auditors in the Annual report. Mr Reid confirmed that auditors would be looking for milestones and timescales as part of its Best Value Audit follow up review in November 2017. The Director of Corporate and Housing Services confirmed that Council had agreed on 20 September that progress reports would be submitted to the Executive and that this body would oversee the progress of the 5 year project.

Following a discussion on East Ayrshire Council's transformation project, members noted that cross party buy-in for the project was critical and sought assurance that there was sufficient capacity to meet milestones and deliver the project within clear timescales.

The Director of Corporate and Housing Services confirmed that the Change Manager and Project Management Office were working with Services to implement the programme.

### **Decision**

**The committee noted the report.**