

The background of the slide is a large, light blue watermark of the City of Vancouver's coat of arms. It features a crown at the top with four maple leaves. The shield is divided into four quadrants: top-left shows a ship on the water, top-right shows a stag's head with a cross, bottom-left shows a ship on the water, and bottom-right shows a grizzly bear. A banner at the bottom reads "A NE FOR A".

# **Agenda Item 3**

## **Minute**

Draft

**FALKIRK COUNCIL**

**Minute of the meeting of the Audit Committee held in the Municipal Buildings, Falkirk on Monday 18 June 2018 at 9.30 a.m.**

**Members:**

Councillor Niall Coleman  
Councillor Joan Coombes  
Councillor Nigel Harris  
Councillor Cecil Meiklejohn  
Councillor Pat Reid

**Officers:**

Danny Cairney, Corporate Finance Manager  
Rhona Geisler, Director of Development Services  
Gary Greenhorn, Head of Planning and Resources  
Gordon O'Connor, Internal Audit Manager  
Brian Pirie, Democratic Services Manager  
Stuart Ritchie, Director of Corporate & Housing Services

**Also Attending:**

Glen Bissett, Scottish Prison Service  
Steven Reid, Ernst and Young

**A9. Apologies**

An apology was intimated on behalf of Roseann Davidson.

In the absence of the Convener, Councillor Meiklejohn took the chair.

**A10. Declarations of Interest**

No declarations were made.

**A11. Minute**

**Decision**

**The minute of the meeting of the Audit Committee held on 9 April 2018 was approved.**

## **A12. External Quality Assessment of Falkirk Council Internal Audit**

The Committee considered a report by the Internal Audit Manager providing an update on the findings of an External Quality Assessment of the Internal Audit section's compliance with Public Sector Internal Audit Standards by the Scottish Prison Service.

A requirement of the Public Sector Internal Audit Standards (PSIAS) was that the Internal Audit function was subject to annual self assessments and to an external assessment every five years. External Assessments can be after full external assessment or independent validation of the annual self assessment.

The external assessment had concluded that the Internal Audit was broadly compliant with the Public Sector Internal Audit Standards. This equated to 'substantial assurance'.

An action plan set out the recommendations arising from the assessment together with mitigating actions and timescales.

Following a question the Internal Audit Manager explained that he had asked the Scottish Prison Service to undertake the assessment as part of a reciprocal arrangement.

Following a question, on why the Internal Audit Manager had not accepted a recommendation that audit findings are graded, the Internal Audit Manager explained that by placing timescales for actions to be undertaken audit findings were essentially graded. He confirmed that this had also been highlighted by the External Auditors. Stephen Reid confirmed that this was the case and that he considered the grading of findings to be good practice.

Mr Bissett confirmed following a question that the SPS would carry out a follow up review of progress on the action plan.

### **Decision**

#### **The Committee:-**

- (1) noted the findings and action plan arising from the External Quality Assessment;**
- (2) noted the overall conclusion that Falkirk Council Internal Audit section is broadly compliant with Public Sector Internal Audit Standards, and**
- (3) recorded it's thanks to Scottish Prison Service Audit and Assurance Unit for carrying out the assessment.**

### **A13. Internal Audit Annual Assurance Report 2017/18**

The Committee considered a report by the Internal Audit Manager presenting the Annual Assurance report for 2017/18.

In regard to the Internal Audit plan for 2017/18, 21 main assignments had been agreed. In the course of a year a further 2 had been added, (Carbon Reduction Commitment Energy Efficient Scheme and LEADER), with 2 deferred (Cyber Security and Welfare Reform). Of the 5 key performance indicators for the Internal Audit function all had exceeded or met targets. On the basis of the work undertaken in 2017/18 Internal Audit had provided substantial assurance in relation to the Council's arrangements for risk management, governance and control for the year to 31 March 2018.

The report also provided detail on the assignments together with the assurance and key findings.

The Committee discussed the audits for which limited assurance had been provided and sought assurance that actions had been undertaken to address areas where improvement was required. In relation to an audit of Recruitment and Selection the Director of Corporate and Housing confirmed that the funding documentation had not always been returned to explain why a new start had not been placed on the first point of their pay scale, or the required authorisation had not been provided. Services had been reminded of their responsibility to ensure that procedures were followed. He confirmed that a follow up would be undertaken to ensure compliance.

In regard to the findings of a review of Social Care and Education Transport that a number of drivers, passenger assistants and volunteer drivers had not been subject to PVG vetting and that some volunteer drivers did not hold appropriate insurance cover, the Director of Development Services stated that Service had taken responsibility for this area shortly after the event and that the findings had been invaluable.

Following questions on the key performance indicators the Internal Audit Manager confirmed that the 5 indicators were set locally. Some authorities had a large suite of indicators. However it was important that the suite of indicators were relevant and meaningful. He undertook to review the number of indicators for the functions and the associated targets and to report back to the next meeting.

Within the plan 5 assignments had been designed as 'ongoing involvement'. Following questions on this the Internal Audit Manager explained the ongoing involvement in the respective workstreams (such as the Council of the Future project) and confirmed that in each an audit would be undertaken if it was considered necessary to do so.

## **Decision**

**The Committee noted that:-**

- (1) sufficient Internal Audit work was undertaken to support a balanced assurance;**
- (2) Internal Audit can provide substantial assurance on the Council's arrangements for risk management, governance , and control for the year to 31 March 2018;**
- (3) Internal Audit met, or exceeded, each of its five Key Performance Indicators, and**
- (4) independent external assessment confirmed that the Internal Audit section is broadly compliant with Public Sector Internal Audit Standards.**

### **A14. Falkirk Council Annual Accounts 2017/18 and Falkirk Temperance Trust Accounts 2017/18**

The Committee considered a report by the Chief Finance Officer presenting the unaudited annual accounts of the Council and Falkirk Temperance Trust for the financial year ended 31 March 2018 for approval. These had, in accordance with the Local Authority Accounts (Scotland) Regulations 2014, been submitted to the auditor by the deadline of 30 June 2018 and published online for inspection.

## **Decision**

**The Committee**

- (1) approved the Annual Governance Statement contained in the Annual Accounts; and**
- (2) noted that the Unaudited Annual Accounts and the Falkirk Temperance trust Accounts had been passed to the Auditor by the statutory deadline of 30 June 2018.**

### **A15. 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 Council of the future project.

The last update had been provided on 9 April 2018 (ref AC7). Since then the project board had met three times and a progress report had been submitted to the Executive on 12 June 2018 (ref EX28). The risk register would be considered at the next project board meeting.

Following discussion, and in recognition of the number of bodies to which Council of the Future reports are submitted and in regard to the governance arrangements, members discussed the Committee's previous decision to request update reports at each meeting. There was general agreement that 2 update reports a year would be sufficient to allow the committee to exercise its oversight role.

In response to a question the Director of Corporate and Housing confirmed that as staff leave the Council there is a consequential impact on budget through pension costs. However the number of employees who had left due to Voluntary Severance was 30 this year compared to 130 in the previous year. The head count was reducing due to voluntary severance, retrials, end of year contracts.

In response to a question the Director of Development Services confirmed that the Strategic Property Review was part of the Council of the Future programme.

## **Decision**

### **The Audit Committee:-**

- (1) noted the update on the Council of the Future change programme, and**
- (2) agreed to receive twice yearly update reports on Council of the Future governance arrangements; and**
- (3) recommended that a review of the Council of the Future Board arrangements is undertaken as part of the Internal Audit Plan**