

**FALKIRK COUNCIL**

**MINUTE of the MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 20 APRIL 2015 at 9.30 a.m.**

**MEMBERS:** Roseann Davidson (Convener)  
Councillor Rosie Murray  
Baillie Joan Paterson  
Councillor Tom Coleman  
Provost Pat Reid

**OFFICERS:** Margaret Anderson, Director of Social Work Services  
Fiona Campbell, Head Of Policy, Technology & Improvement  
Rhona Geisler, Director Of Development Services  
Gary Greenhorn, Head Of Educational Planning & Resources  
Kenny McNeill, Educational Resources Manager  
Robert Naylor, Director of Children's Services  
Gordon O'Connor, Internal Audit Manager  
Mary Pitcaithly, Chief Executive  
Brian Pirie, Democratic Services Manager  
Bryan Smail, Chief Finance Officer  
Amanda Templeman, Acting Depute Finance Officer

**ALSO ATTENDING:** David Meechan and Jim Rundell, Audit Scotland

**AC1. ORDER OF BUSINESS**

The Convener welcomed Robert Naylor, Director of Children's Services, to the meeting. She then, in terms of Standing Order 14.2(i), revised the order of business. The following items are recorded in the order in which they were taken at the meeting.

**AC2. APOLOGIES**

Apologies were intimated on behalf of Depute Provost Patrick and Councillor Carleschi.

**AC3. DECLARATIONS OF INTEREST**

No declarations were made.

#### **AC4. MINUTE**

##### **Decision**

**The minute of the meeting held on 15 December 2014 was approved.**

#### **AC5. NARRATIVE ASPECTS OF THE FINANCIAL STATEMENTS**

Jim Rundell, Audit Scotland, provided an overview of the narrative sections within the Council's Annual Accounts. The presentation highlighted:-

- the information set out in the financial statements; and
- changes to Accounts Regulations, including the introduction of a management commentary, the requirement for an Annual Governance Statement, and the publication dates for the unaudited and audited accounts.

The presentation focused on the content and signatories of:-

- the management commentary in the accounts;
- the remuneration report; and
- the Annual Governance Statement.

Following a question on the Annual Governance Statement, Mr Rundell outlined how an Audit Committee would 'consider the findings of an annual review of the system of internal control', noting the value in a fully resourced Internal Audit team with a mix of skills. Gordon O' Connor summarised the process for reviewing and assessing the adequacy of the Internal Audit function.

##### **Decision**

**The Committee noted the presentation.**

#### **AC6. CORPORATE RISK MANAGEMENT (CRM) POLICY AND FRAMEWORK REVIEW**

The Committee considered a report by the Director of Development Services presenting an updated Corporate Risk Management (CRM) Policy and Framework for information.

The Council's current CRM Policy and Framework was approved in November 2013. Following a review, an updated Policy and Framework had been developed. The report highlighted the key amendments arising from the review and provided the revised Policy and Framework as appendices.

##### **Decision**

**The Committee noted the report.**

## **AC7. CORPORATE WORKING GROUPS REVIEW**

The Committee considered a report by the Director of Development Services providing an update on the Council's Corporate Working Groups.

The Audit Committee had asked on 23 September 2013, following consideration of a report setting out the role of the then 52 Corporate Working Groups, for a review of the Groups with a new to reducing this number (ref AC19).

Following the review the number has reduced to 14, each aligned to the 7 Corporate Risk Register categories.

The report summarised the key changes to the Corporate Working Group structure following the review and provided information on the objectives of each of the working groups and their membership.

Members welcomed the reduction in the number of working groups and suggested that there may be advantages in links being established between the working groups and their respective portfolio holders.

The Chief Executive, in response to a question, provided information on the reporting structure for the various groups.

### **Decision**

**The Committee noted the report.**

## **AC8. INTERNAL AUDIT PROGRESS REPORT**

Committee considered a report by the Internal Audit Manager summarising the progress with the 2014/15 Internal Audit Plan.

In regard to the Audit Plan, 19 assignments had been completed to final report and 2 were in progress. The findings from assignments completed to final report were set in appendices to the report.

Of the 21 assignments, a number would not result in a formal assurance being provided. The Convener suggested that future reports should indicate those activities in which the output would be a formal assurance report.

Following questions, Gordon O'Connor set out the reasons for the limited assurance provided following a review of Business Gateway Contract Monitoring and provided detail on the audits of Corporate Purchasing and Council House Buy Back. Following a question on the substantial assurance placed of a site key control test at St Bernadette's Primary, Gary Greenhorn confirmed that the learning points would be circulated to all schools.

## **Decision**

**The Committee noted:-**

- (1) the progress with completing planned 2014/15 internal audit work; and**
- (2) Internal Audit performance.**

### **AC9. INTERNAL AUDIT PLAN 2015/16**

The committee considered a report by the Internal Audit Manager presenting the 2015/16 Internal Audit plan.

The Plan set out 21 assignments to be undertaken during 2015/16. These had been determined taking account of role and progress on the plan would be reported to Committee. The Committee sought clarification on the planned reviews of Reducing Bureaucracy in Schools and Member's Services Training, Allowances and Expenses. . Additionally Gordon O' Connor explained the arrangements for auditing Falkirk Community Trust.

## **Decision**

**The committee noted the report and agreed the planned Internal Audit coverage for 2015/16.**

### **AC10. ANNUAL EXTERNAL AUDIT PLAN 2014/15**

The Committee considered a report by the Chief Finance Officer presenting the Audit Scotland Audit Plan for 2014/2015.

The Audit Plan set out the key challenges and risks facing Falkirk Council and the audit work undertaken in 2014/15, and detailed in an appendix significant financial statement audit risks and the assurance procedures for these.

Members sought clarification on the definition of 'materiality' and how this was set by Audit Scotland.

In terms of the identified risks, further clarification was sought by members in regard to the arrangements to audit the Health and Social Care Integration Joint Board, Preparation of Accounts, and on the current staffing levels within the Internal Audit team.

## **Decision**

**The Committee noted the report.**

#### **AC11. EXTERNAL AUDIT PROGRESS REPORT**

The Committee considered Audit Scotland's External Audit Progress Report.

The report set out progress against the Audit Plan for 2014/2015. Of the 6 planned activities, 3 had been delivered within the target timescale and 3 were on target.

The Committee discussed the Council's long term financial planning process and was advised that known factors were considered as part of that process.

The report recommended that Council should ensure that financial plans are in place for the short (1-2 years), medium (3-5 years) and longer term (5-10 years).

##### **Decision**

**The Committee noted the report.**

#### **AC12. LOCAL CONSIDERATION OF NATIONAL AUDIT REPORTS**

The Committee considered a report by the Director of Corporate and Neighbourhood Services detailing those National Audit reports published by Audit Scotland since March 2015 and advising to which bodies within the Council they had been reported to.

##### **Decision**

**The Committee noted the report.**

#### **AC13. LOCAL SCRUTINY PLAN 2015 -16**

The Committee considered a report by the Chief Executive providing the Local Area Network's Local Scrutiny Plan for Falkirk Council for 2015-2016.

The Local Area Network, led by Audit Scotland and comprising representatives of the Scottish Housing Regulator, Education Scotland, the Care Inspectorate and Healthcare Improvement Scotland had developed a scrutiny plan for Falkirk Council for 2015-16. The Plan identifies national and local risks and sets out how they will be audited. The Plan also provides a summary of the conclusions from 2014-2015 in regard to:-

- governance and accountability;
- performance management;
- housing and homeless services;
- health and social work services for older people; and
- targeted follow-up work on National Performance Audits

##### **Decision**

**The Committee noted the report.**