

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 sailing ship on the water. The top-right quadrant shows a stag's head with antlers. The bottom-left quadrant shows a beaver. 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 meeting of the Audit Committee held in the Municipal Buildings, Falkirk on Monday 17 June 2019 at 9.30 a.m.**

**Members:**

Councillor Niall Coleman  
Councillor Nigel Harris  
Councillor Cecil Meiklejohn  
Councillor Alan Nimmo  
Councillor Pat Reid  
Councillor Robert Spears  
Paula Tovey (Convener)

**Officers:**

Carl Bullough, Head of Environmental Services  
Danny Cairney, Senior Service Manager Corporate Finance  
Gary Greenhorn, Head of Planning & Resources  
Kenneth Lawrie, Chief Executive  
Brian Pirie, Democratic Services Manager  
Stuart Ritchie, Director of Corporate and Housing  
Bryan Smail, Chief Finance Officer

**Also Attending:**

Stephen Reid, Ernst & Young  
Grace Scanlin, Ernst & Young

**A8. Apologies**

No apologies were intimated.

**A9. Declarations of Interest**

No declarations were made.

**A10. Minute**

**Decision**

**The minute of the meeting of the Audit Committee held on 8 April 2019 was approved.**

## **A11. Internal Audit Annual Assurance Report 2018/19**

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 2018/19, 23 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 3 key performance indicators for the Internal Audit function all had exceeded or met targets. On the basis of the work undertaken in 2018/19 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 2019.

Following questions the Internal Audit Manager gave further detail on the findings on an audit of stores (street lighting/blacksmiths) which had been awarded limited assurance. The audit had found, in particular, that there was a lack of clarity over the volume and value of stock held with no physical stock counts being undertaken. These would be a follow up inspection to determine the materiality of the findings.

The Committee discussed the National Fraud Initiative exercise and in particular errors found in regard to wrongly claimed Council Tax Single Persons Discounts (which had amounted to £47k since December 2018). The Internal Audit Manager explained that the ones lay with the public to advise the Council of eligibility changes. However the Council did write to claimants to determine if their circumstances had changed. Mr O' Connor explained that the findings had been identified as part of a data matching exercise. Following further discussion and questions he undertook to provide the committee with detail on the process which follows the first continued letter.

The committee then considered the findings of the audit of building security and expressed concern that only limited assurance had been awarded. Members noted that unnamed visits had taken place at buildings in which vulnerable people had been located or where Council vehicles had been located. The Internal Audit Manager explained that action plans had been put in place with the buildings in question and that follow up visits were being carried out. The Head of Planning and Resources explained Children's Services response to the findings, confirming that advice had been circulated to all Head Teachers and faculties' staff.

The committee returned to the audit of stores and sought clarification on the finding that 'three written quotations are not always obtained for purchases in excess of £1k'. The Internal Audit Manager explained that it was a requirement of Financial Regulations that 3 quotes are obtained in respect of orders which exceed £3k. The audit looked at the extent to which \* were in place, a follow up would consider the materiality.

Following a question on the total number of audit recommendations in 2018/19 and the number of outstanding actions the Internal Audit Manager confirmed that around 25 actions were outstanding. It was his intention to provide a report to the next meeting.

## **Decision**

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

- (1) that sufficient Internal Audit work was undertaken to support a balanced assurance;**
- (2) that Internal Audit can provide SUBSTANTIAL assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2019;**
- (3) that Internal Audit met, or exceeded, each of its Key Performance Indicators; and**
- (4) that the Internal Audit section is broadly compliant with Public Sector Internal Audit Standards.**

## **A12. Falkirk Council Annual Accounts 2018/19 and Falkirk Temperance Trust Accounts 2018/19**

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 2019 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 2019 and published online for inspection.

The committee considered the Annual Accounts, members welcomed the new layout and format, praising in particular the management commentary and annual governance statement as being particularly helpful. Stephen Reid explained that the external audit team would report on the accounts in September 2019 as part of the audit process.

Following a question in regard to the common good fund the Chief Finance Officer provided an update on the current position in regard to Kilns House and undertook to provide detail on the sale of the property.

The committee highlighted the significant long term debts to the Council, in regard to Northfield Quarry and the Scottish Fire and Rescue Service. The Chief Finance Officer explained that there were debts dating to Local Government regulations in 1996, and the creation of the National Fire

Service in 2013 respectively and explained how these would be treated in accounting terms.

Following a question in regard to the Falkirk Temperance Trust, the Chief Finance Officer undertook to clarify the definition of the area covered by the term 'Falkirk' – i.e. whether it was limited to the former burgh or was in fact the council area. Mr Smail then, following a question, stated that the contracts for the Councils four PFI schools would end in 2026. However the contracts contained trigger points at which the Council was obliged to advise the contractors of its intentions post 2026. The Head of Planning and Resources confirmed that a group had been established to consider the Council's options and to set out proposals.

The portfolio holder for Culture, Leisure and Tourism highlighted the ongoing work to market Falkirk as a tourism destination.

Following a question in regard to the impairment losses set out in the Accounts, the Chief Finance Officer undertook to provide further detail.

## **Decision**

**The Committee considered the Unaudited Annual Accounts, noted the public inspection period and that the Unaudited Annual Accounts will be submitted to the Council's External Auditor by the statutory deadline of 30 June 2019.**