

The background of the slide features a large, light blue watermark of the Coat of Arms of the City of Edinburgh. The crest is a shield divided into four quarters. The top-left quarter shows a castle tower. The top-right quarter shows a stag's head with antlers. The bottom-left quarter shows a sailing ship on the water. The bottom-right quarter shows a lion passant guardant. Above the shield is a crown with four fleurs-de-lis. A ribbon scrolls across the bottom of the shield with the motto 'ANE FOR A'.

# **Agenda Item 3**

## **Minute**

Draft

**FALKIRK COUNCIL**

**Minute of meeting of the Audit Committee held remotely on Monday 20 September 2021 at 10.00 a.m.**

**Councillors:** Allyson Black  
Niall Coleman  
Nigel Harris (convener)  
Cecil Meiklejohn  
Alan Nimmo  
Robert Spears

**Officers:** Sophie Dick, Democratic Services Graduate  
Douglas Duff, Acting Director of Development Services  
Gary Greenhorn, Head of Planning & Resources  
Kenneth Lawrie, Chief Executive  
Kenny McNeil, 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, Internal Audit, Risk, and Corporate Fraud Manager

**Also Attending:** Grace Scanlin, EY

**A19. Apologies**

There were no apologies.

**A20. Declarations of Interest**

There were no declarations.

**A21. Minute**

The committee requested a follow-up at the last meeting from Children's Services on how the overspend of £2.3m in 2020/21 would impact the anticipated savings of the Closer to Home project. The Head of Planning & Resources explained that a report had been presented to the Education, Children & Young People Executive which responded to this question. Gary Greenhorn stated he would pass this report onto committee.

## **Decision**

**The minute of the meeting of the Audit Committee held on 23 August 2021 was approved.**

### **A22. Internal Audit Progress Report**

The committee considered a report by the Internal Audit, Risk, and Corporate Fraud Manager which provided an update on progress with the 2021/22 Internal Audit Plan. It also set out the outcomes of the two assignments from the 2020/21 Internal Audit Plan that were highlighted as 'in progress' at the June 2021 Audit Committee.

The committee asked for an update on recruitment to the vacant position in the Internal Audit team, the Chief Finance Officer explained that discussions between himself and the Internal Audit, Risk and Corporate Fraud Manager had begun in regard to the structure of the team, taking into account the current skills employed. He stated that a provisional business case had been prepared that he expected the position to be filled in the same timescale as any other role.

Members suggested filling posts could be extended due to HR discussions surrounding pay grades to which Mr Smail explained there were no issues with HR in filling the role – the reason the role had been vacant for 9 months was due to Mr Smail and Ms Wright finalising the configuration of the Internal Audit Team. He assured that work would be undertaken to fill the position in a timely manner.

The committee asked what impact Covid-19 had had on the Internal Audit Team. The Internal Audit, Risk and Corporate Fraud Manager explained that the role of the vacant position had been divided between herself and a colleague. Due to the uncertainty of what the position would entail and uncertainties surrounding the pandemic, it was decided that there should be a reduction of the Internal Audit Plan which was presented to the Audit Committee in April. She explained that ongoing work related to the pandemic continued, for example, Following the Pandemic Pound – this work was taken into consideration at the beginning of the financial year and Ms Wright stated that the team had remained reactive and flexible to assist with any further issues. She assured that work was on track for meeting deadlines.

The sample size for the School Holiday Food Fund Grants was 12, members asked if a sample of 12 was reflective. The Internal Audit, Risk and Corporate Fraud Manager explained having a sample of 12 out of 31 was sufficient for capturing an overview of the applicants. The purpose of the sampling was to have a breadth over the timeframe, values and organisations – the School Holiday Food Fund Grant applications were submitted over 3 months (5 samples from October 2020, 4 from December 2020 and 3 from February 2021).

The Internal Audit Team identified that there had been several significant instances of non-conformance with the written grant scheme guidance for School Holiday Food Fund Grants, members asked why this was and how this could be negated in the future. Ms Wright explained that the Head of Housing & Communities requested it as additional work due to it being a new scheme and therefore used to identify where controls may be needed for larger funds which would be implemented in the following year. No issues were found in segregation of duties which was a positive. Since the applications, there had been consideration over changing the written guidance and recommendations had been implemented within the Service. The Director of Corporate & Housing concurred and explained that the purpose of the work was to be a lessons-learned style report – the report had framed the approach to applying the food fund in future grants. After the initial belief that the funding would be limited to summer 2020, it had become apparent demand was continuing and therefore there was need for robust processes. Of all the recommendations made, he assured that all would be implemented by the time of the new food funds and half had already been implemented. He explained that some of the non-compliances were due to restrictions that the Service had placed on itself and learned that leeway was needed, for example, an application requested £1,050 which was over the £1,000 limit in the guidance, however the full amount was granted.

Following on from a similar question, members noted that assistance in applications should be considered as feedback would suggest fatigue could be increased due to the application process.

### **Decision**

**The Committee noted the progress being made with completing the 2021/22 Internal Audit Plan and the outcomes from the finalised 2020/21 assignments.**

## **A23. Corporate Risk Management Update**

The committee considered a report by the Director of Corporate and Housing Services which provided an update on corporate risks and assurance arrangements, including the Corporate Risk Register, Risk Dashboards, and Risk Management Improvement Plan.

Members referred to Risk Ref. COR\_CHS\_05, 'Equalities: Failure to properly discharge' which was scored High for Residual (With Controls) and Medium for Target Risk Appetite (After Actions). They suggested a review may be necessary to ensure equality policies were fully implemented, especially in regard to recruitment. The Chief Executive stated that Internal Audit reported in 2019 about the Council's approach to equalities and more recently, a report about the Corporate Management Team on their responses. He explained that an action plan was in place to implement recommendations; address concerns around recruitment and to be more reflective of minorities.

In terms of Risk Ref. COR\_CHS\_10, 'Health, Safety and Wellbeing: Failure to provide a safe environment for employees and visitors', the committee emphasised the need to be cautious of the wellbeing of staff whilst balancing the need to deliver services. The Chief Executive explained wellbeing was a concern for all and recognised the increased challenges staff were under, which had preceded the pandemic. Mr Lawrie was the Chair for the Wellbeing Group which was attended by representatives for all staff as well as Trade Union representatives – the group had open and important discussions about how to support staff appropriately.

The committee recognised the importance of the wellbeing for school staff but questioned if actions were in place to support the wellbeing of pupils especially with the anticipated anxieties surrounding the uncertainty of exams. The Head of Planning & Resources explained that financial aid had been given to secondary schools to employ a number of officers to support pupil's mental health and that further funding was planned, for example from the Scottish Government in regard to the Pupil Equity Fund. Information of the devolvement of finances to local authorities was yet to be distributed but was anticipated to partially aid young adults' mental health.

Referring back to Risk Ref. COR\_CHS\_05, members asked if it was appropriate to adjust the equalities approach to be reflective of the anticipated increase of inequalities due to the pandemic. Mr Ritchie explained equalities was included in the Workforce Plan presented as part of the Business Plan in May 2021 which handled many of the recruitment issues raised previously in the meeting as well as recommending actions. An Equalities Working Group had been established which undertook to report on equalities to members.

In terms of Risk Ref. COR\_CHS\_04, 'Financial Sustainability, Insufficient funding to deliver Services', members asked if the current budget position should be categorised as High instead of Medium. Mr Smail explained that as with many of the risks, it was initially categorised as High and was later re-evaluated as Medium. He stated that the actions taken proved that the Council was willing to do what was necessary to secure financial sustainability and fulfil their statutory duty to deliver a balanced budget. In terms of increasing the risk, it would be dependent on whether the Council was able to achieve financial sustainability – this discussion was expected to arise at the forthcoming process for the 2022/23 budget plans and furthermore, a budget update was to be presented at Executive in October.

Following a question about when the last review of Risk Appetite was undertaken, the Chief Finance Officer stated that in the previous week to the meeting, the Corporate Risk Management Working Group discussed this point. It recognised that the Risk Appetite had to be reviewed which may include a training aspect of what is meant by this term. He assured Committee that work would be undertaken to update the Risk Appetite.

Members requested a briefing note about the breakdown per school of mental health issues that had been handled in schools over the last 5 years.

The purpose was to establish a benchmark of issues prior to the pandemic to have a better insight on how to handle current issues. The Head of Planning & Resources stated this would come to Committee.

In Risk Category 'Sustainability/Climate Change' the Key Issues/Actions stated 'No Services have given assurance that they have implemented effective Climate Change Plans', members asked why this was. The Chief Finance Officer explained that it reflected the inherent challenges in delivering on this agenda – previously in the Capital Programme, a discussion was held for a provision to be built into the programme to deal with climate issues. There were active corporate groups in which all Services were involved to work towards tackling sustainability/climate change. He stated that before a true assessment could be made, more tangible actions had to be implemented. The Acting Director of Development Services explained that a report had been considered by the Executive in June that detailed the climate emergency response as well as an initial action plan which would be developed. He assured that issues were being taken seriously by Services, although would take some time to complete actions.

### **Decision**

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

**(1) noted the:-**

- **Corporate Risk Register – Summary of Risks;**
- **Corporate Risk Dashboards;**
- **Corporate Risk Improvement Plan, and**
- **Corporate Risk Register – Details of High Corporate Risks, and**

**(2) referred the report to the Executive (for review and approval of corporate risks).**

### **A24. Risk Management Assurance Policy and Framework**

The committee considered a report by the Director of Corporate and Housing Services which provided an updated Risk Management Assurance Policy and Framework for consideration and then referral to Executive for approval.

Following a comment that it would be helpful for the report to have track-changes or to identify where changes had been made in policy, the Chief Finance Officer stated he would circulate a version of the report which would have all the changes highlighted.

## **Decision**

### **The Committee:-**

- (1) noted the updated Policy including: Part 1: Risk Management Assurance Policy, and Part 2: Guidance, Templates, and Training, and**
- (2) referred the report to the Executive for approval.**