

FALKIRK COUNCIL

MINUTE of MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 25 MARCH 2013 at 9.30 a.m.

PRESENT:- R Stevenson; Provost Reid; Depute Provost Patrick; Councillors Black and Carleschi.

CONVENER:- R Stevenson.

ATTENDING:- Chief Executive; Directors of Corporate and Neighbourhood Services and of Development Services; Depute Chief Finance Officer; Internal Audit Manager; Head of Educational Planning and Resources; Democratic Services Manager; and Service Manager, Social Work Services.

ALSO

ATTENDING:- J Rundell and L Proctor (Audit Scotland).

AC18. APOLOGIES

An Apology was received from Councillor Coleman.

AC19. DECLARATIONS OF INTEREST

None.

AC20. MINUTES

There was submitted (circulated) and **APPROVED** Minute of Meeting of the Audit Committee held on 29 October 2012.

AC21. INTERNAL AUDIT PROGRESS REPORT

With reference to the minute of meeting held on 29 October 2012 (Paragraph AC12 refers), there was submitted report (circulated) by the Internal Audit Manager summarising progress made in completing the agreed 2012/13 Internal Audit Plan, including information on Internal Audit's performance as measured against key performance indicators.

Discussion focussed on:-

- The work on Corporate Purchasing and Contract Management, and the methodology for selecting the samples of payments for review
- The key findings in regard to the audit of Premises Managers' Handbook Compliance, and the rationale for providing limited assurance

- The review of the Appointment of Consultants
- Internal Audit key performance indicators, and the work ongoing nationally to develop a balanced scorecard

NOTED.

AC22. INTERNAL AUDIT – RECOMMENDATIONS OUTSTANDING

With reference to the Minute of the Meeting held on 29 October 2012 (Paragraph AC13 refers), there was submitted report (circulated) by the Internal Audit Manager (a) providing an update on recommendations made by Internal Audit which remain outstanding for the period 2008-2013, and (b) highlighting the progress made in reducing the number of recommendations outstanding (from 127 to 84).

Discussion focussed on:-

- the process employed by the Corporate Management Team to manage the implementation of outstanding recommendations
- the need for Services to advise the Internal Audit Manager when outstanding recommendations are actioned
- the outstanding recommendations in regard to Following the Public Pound review

NOTED.

AC23. PUBLIC SECTOR INTERNAL AUDIT STANDARDS

There was submitted report (circulated) by the Internal Audit Manager advising of the new Public Sector Internal Audit Standards and summarising the implications for Internal Audit at Falkirk Council of implementing the standards.

Discussion focussed on:-

- the advantages of introducing a pan public sector set of standards
- the work currently on-going to implement the new standards in full

NOTED.

AC24. AUDIT COMMITTEE ANNUAL REPORT 2012/13

There was submitted report (circulated) by the Audit Committee Convener (a) presenting a draft Annual Report to Council setting out the work of the Committee during 2012/13 and highlighting priorities for 2013/14, and (b) seeking members' comments on the layout and content of the draft report.

Discussion focussed on the potential for the Council's review of its decision making structures to impact upon the terms of reference of the Committee.

AGREED that a revised report would be circulated prior to its submission to Council.

AC25. CORPORATE GOVERNANCE ARRANGEMENTS – KEY FINANCIAL SYSTEMS CONTROLS

With reference to Minute of Special Meeting held on 24 September 2012 (Paragraph AC3 refers), there was submitted report (circulated) by the Chief Finance Officer providing an update on actions taken since September 2012 in regard to recommendations following the External Audit review of the Council's systems of internal control.

Discussion focussed on:-

- the likely completion date for the implementation of revised Payroll authorised signatory arrangements
- Audit Scotland's intention to review progress made against the Action Plan

NOTED.

AC26. ANNUAL AUDIT PLAN 2012/13

There was submitted report (circulated) by Audit Scotland (a) summarising the planned External Audit activity for 2011/12; (b) highlighting audit issues and risks; (c) presenting a summary assurance plan for specific risks; (d) detailing planned External Audit outputs, and (e) advising of an audit fee of £318,799 for 2012/13, a decrease of 4.54% on 2011/12.

Discussion focussed on:-

- the methodology for calculating the depreciation of Council dwellings
- the likely impact of Welfare Reform on Local Authority Services and the increased need to manage risk as a consequence

NOTED.

AC27. INTERNAL AUDIT PLAN 2013/14

There was submitted report (circulated) by the Internal Audit Manager (a) advising of the requirement in terms of the CIPFA Code of Practice for Internal Audit in Local Government in the UK (2006) to prepare a risk based Internal Audit Plan, and (b) presenting the proposed Internal Audit Plan for 2013/14.

Discussion focused on:-

- the allocation of 20 days to work on outstanding recommendations and the change in follow up approach
- the risks around information security and records management and the need to review these areas
- the potential for generating income by carrying out audits for other public sector organisations

- the arrangements with Falkirk Community Trust to provide Internal Audit services

AGREED the planned Internal Audit Coverage for 2013/14.

AC28. CORPORATE RISK MANAGEMENT UPDATE

There was submitted report (circulated) by the Director of Development Services (a) summarising the background to the development of the Council's Risk Management Policy and Framework and of the associated Risk Management Work plan for 2013; (b) outlining the Council's approach to risk management, and (c) presenting the Corporate Risk Register.

Discussion focused on:-

- the need for risk management to be embedded across all Services
- the risks identified which centre around elected members
- the need to support members' learning and development
- the risk to an organisation of unsound decision making

AGREED the draft Risk Management Policy, Framework, and Workplan.

AC29. STRATEGIC PROCUREMENT IN FALKIRK COUNCIL

There was submitted report (circulated) dated 18 March 2013 by the Director of Corporate and Neighbourhood Services (a) outlining the background to the review of corporate procurement arrangements in 2012; (b) highlighting deliverables achieved through the review; (c) highlighting the value of the national Procurement Capability Assessment (PCA) process in measuring procurement performance; and (d) advising that in 2012 Falkirk Council had improved its performance to 56% (compared to 35% in 2011) and now sat in the upper quarter of Scottish Councils.

Discussion focused on:-

- the comprehensive procurement training programme implemented across all Services to raise awareness of managers' roles and responsibilities
- the composition of the procurement team
- the outstanding performance of Falkirk Council in the national PCA

NOTED.