STIRLING COUNCIL

MINUTES of MEETING of the AUDIT COMMITTEE held in the COUNCIL CHAMBERS, OLD VIEWFORTH, STIRLING on THURSDAY 26 JANUARY 2017 at 10.30 am

Present

Councillor Scott FARMER (Convener)
Councillor Danny GIBSON
Councillor Graham HOUSTON
Councillor Jim THOMSON

In Attendance

Richard Baldwin, Fraud Officer, Localities & Infrastructure
Mogra Bilsbrough, Senior Auditor, Localities & Infrastructure
David Bright, Resilience & Risk Manager, Localities & Infrastructure
Caroline Cherry, Service Manager, Adult Assessment and Partnership, Children, Communities & Enterprise
Zoe Dickson, Intern, Records & Information Compliance, Children, Communities & Enterprise
Anne Michelle Ketteridge, FVL LEADER Programme Manager
Steve MacDonald, Economic Development, Children, Communities & Enterprise
Kevin O’Kane, Audit Manager, Localities & Infrastructure
Heather Robb, Service Manager – Technology & Information, Localities & Infrastructure
Iain Strachan, Chief Officer- Governance, Localities & Infrastructure
Marie Valente, Senior Manager – Children & Families, Children, Communities & Enterprise
Fiona Wilbraham, Team Leader, Records & Information Compliance, Children, Communities & Enterprise
Marie McLean, Governance Officer, Localities & Infrastructure (Clerk)
Karen Swan, Committee Office, Localities & Infrastructure (Minutes)

Also Present
Blyth Deans, Audit Scotland, External Auditor
Paul Kelly, Scott Moncrieff

Agenda

The Convener intimated his intention to alter the order of the Agenda. The items were taken in the order minuted below.
AC247 APOLOGIES AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Neil Benny and Councillor Mark Ruskell. There was no substitutions.

AC248 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC249 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER

There were no items of urgent business.

AC250 MINUTES – AUDIT COMMITTEE – 3 NOVEMBER 2016

Decision

The Committee agreed to approve the Minutes of Meeting held on 3 November 2016 as an accurate record of proceedings.

AC251 RISK MANAGEMENT

The Senior Manager - Environment & Place submitted a report on the Strategic Risk Register which allowed Members to examine the Significant Risks facing the Council and the Risk Treatments put in place to reduce the risks.

The Strategic Risk Register contained 16 risks, which comprised 7 under treatment and 9 managed/monitored.

The report included details of changes in risk status that had occurred since the last report to Committee.

Following a question from a Member, clarification would be sought from the Chief Officer – Governance that any significant tenders would not be subject to Strategic Risk.

It was also advised that there was no increase of risk to community funded projects following the decision of the Referendum to leaving the EU.

Decision

The Audit Committee agreed:

1. to note the risks within the Strategic Risk Register with specific attention to treatment actions and target dates;
2. to note the risks highlighted in paragraph 3.1; and
3. to note the Service Risk Register Status update in paragraph 3.2.
The Accounts Commission national reports were provided to the Audit Committee for consideration in accordance with good governance practice. The report provided the Audit Committee with information on the Commission's national report: Social Work in Scotland, prepared by Audit Scotland and published on 22 September 2016.

It highlighted that Councils now spend £3.1 billion on social work services, and that current approaches to providing services would not be sustainable in the longer term. The report estimated that, nationally, social work services may cost up to £667 million a year more by 2020 unless new ways of delivering those services are implemented.

The fundamental decisions should be taken on how services were to be provided in the future. Councillors must have knowledge and skills to deal with the complexities and risks involved, leading a wider debate with local people on the level, nature and affordability of services, and involve users in deciding how services are designed, commissioned and run.

The report also contained 22 recommendations and sub-recommendations for Councils, 16 of which were joint recommendations to Councils and Integration Joint Boards. The recommendations covered: social work strategy and service planning; governance and scrutiny arrangements; workforce; and service efficiency and effectiveness. It contained a ‘self-assessment checklist for council members’, which “elected members may wish to consider in relation to social work in their own council.”

Following questions raised by Members, Officers confirmed that Stirling Council was working on support to unpaid carers. A Strategic Group had been established that would review both adult and child carers as the work they provided was vital. Also clarification on the number of young carers within a school environment was to be advised to Members.

In response to a question, Officers noted Members’ concerns at lack of engagement with service users. The Service confirmed the various avenues of engagement already in place and that they were investigating other ways of approach.

The service was also in the process of reviewing all Zero Hour contracts and would take into consideration concerns that employees should not be penalised if they turn down the offer of work.

**Decision**

The Audit Committee agreed:

1. to note the contents of the Accounts Commission’s national report: Social Work in Scotland, attached at Appendix 1, and in particular the key messages and recommendations summarised at 3.4 to 3.7 of the submitted report;

2. to note that a suite of supplementary documents to the Accounts Commission report attached at Appendix 1 was available at the following link or at: http://www.audit-scotland.gov.uk/report/social-work-in-scotland; and
3. to note that the Council’s Chief Social Work Officer and the Senior Manager, Communities & People, had now provided a detailed response, which addressed each of the recommendations made in the Accounts Commission report. The response was attached at Appendix 2.

(Joint report by Chief Officer – Governance (Localities & Infrastructure) and Senior Manager – Children & Families (CSWO) (Children, Communities & Enterprise) dated 18 January 2017, submitted)

**AC253 INTERNAL AUDIT RISK ASSESSMENT AND PLAN 2016-17: PROGRESS REPORT**

A report by the Chief Officer - Governance provided the Committee with an update on the progress made against Internal Audit’s Risk Assessment & Plan 2016-17 and provided details of Internal Audit reports issued since the last meeting on 3 November 2016.

Four Internal Audit Summary Reports were attached at Appendix 2 to the submitted report.

The Audit Position Statement was attached at Appendix 3.

(a) Forth Valley & Lomond LEADER

The LEADER programme was part of the European Community and Scottish Government funding and Scottish Rural Development Programme that promoted economic and community development within rural areas of Scotland.

The review, which was approved as part of the Risk Assessment & Plan 2016/17, identified four low key risks, one advisory issue and recommendations to help strengthen the arrangements for the FVL LEADER Programme.

The FVL LEADER Programme Manager advised that following the EU Referendum, assurances had been given that the programme would continue to 2020 and any awards granted previous to leaving would be honoured.

The Audit Opinion was that substantial assurances could be given in respect that the Council, as the Accountable Body for the Forth Valley & Lomond LEADER Programme, had undertaken the delegated functions as specified in the Service Level Agreement during the year to October 2016.

(b) Internal Financial Controls

Internal Audit progressively implement a process of ‘continuous audit’ of controls within a number of the council key financial systems to assess whether those controls operate effectively.

The report on Internal Financial Controls summarised further work undertaken during August to October 2016.

The review identified one low risk and one advisory issue.

The Audit Opinion was that comprehensive assurance could be given in respect of the Internal Financial Controls.
(c) National Fraud Initiative 2014/15

Internal Audit reviewed the Council’s results and underlying records for the National Fraud Initiative (NFI) 2014/15 exercise in order to provide assurances that issues raised through data matches had been properly addressed.

The National Fraud Initiative was a biennial exercise that matched electronic data within and between public and private sector bodies to prevent and detect fraud. It was coordinated by the Cabinet office, working closely with Audit Scotland. Progress against Stirling Council’s data matches was reported to the Audit Committee on a 6-monthly basis.

The review identified one low risk and 3 advisory issues.

The Audit Opinion was that comprehensive assurance could be given in respect of the data matches under the National Fraud Initiative 2014/15.

(d) ICT - Information Governance

Scott Moncrieff, who were appointed in June 2015 to provide specialist ICT audit services produced the report to review the Information Governance arrangements at Stirling Council. The review which took place in September 2016 was performed in accordance with approved Internal Audit Risk Assessment & Plan 2016/17.

Within the review it considered the adequacy of information governance arrangements, policies, procedures and the governance framework within the Council. These ensured that the Council complied with current and future, legal, risk, environmental and operational requirements.

There were seven controlled objectives identified with six on a yellow status (no major weakness in control but scope for improvement) and one on green (adequate and effective controls which were operating satisfactorily).

Following a question by Members, Officers confirmed that usefulness of the file management training provided on Vantage Point and that refresher courses would be rolled out on a yearly basis.

With new legislation on Data Protection coming into effect on 25 May 2018, it was an opportunity to renew the course and include into staffs Personal Review and Developments (PRD).

The Committee agreed that a follow up report on “Information Governance” would be submitted to a future meeting of the Committee.

Position Statement

Members noted the Position Statement attached as Appendix 3 the submitted report.

Decision

The Audit Committee agreed:
1. to note the findings, risks, recommendations and statements of assurance set out in the Internal Audit reports at Appendix 2 to the submitted report; and

2. to note progress made on the Risk Assessment & Plan 2016-17, as set out in the Position Statement at Appendix 3.


**AC254 ACCOUNTS COMMISSION REPORT – ROLES AND WORKING RELATIONSHIPS IN COUNCILS: ARE YOU STILL GETTING IT RIGHT? (FOLLOW UP)**

A report submitted by the Chief Officer – Governance reviewed the Accounts Commission national reports on the Accounts Commission’s national follow-up report: *Roles and Working Relationships in Councils: Are You Still Getting It Right?*. It was prepared by Audit Scotland and published on 8 November 2016, as part of the Commission’s ‘How Councils Work’ series.

It was a follow-up report to the Accounts Commission’s report ‘*Roles and Working Relationships in Councils: Are You Getting It Right?’* (2010), which emphasised the importance of good governance in councils, highlighting that it required good working relationships, and members and officers being clear about their respective roles and responsibilities, in order to help councils perform well in delivering vital public services for local people and communities, and ensuring that public money was used wisely.

The Accounts Commission considered that many, if not all of the recommendations in the earlier report still stood, having been founded on core principles of good governance; clarity about roles and responsibilities; a culture of trust; and the application of good conduct and behaviour. However, since its publication in 2010, the context in which local government operates had changed markedly. The Accounts Commission had, therefore, decided to re-visit some of the report’s key messages in the light of these changes.

The report was intended to be a useful tool to support Elected Members and officers in their complex and evolving role. It aimed to help them review their practice and to take any necessary actions to ensure that their council's governance arrangements remain fit for purpose. The report contained a number of checklists that are designed to help councils assess their governance arrangements, taking account of the six core principles of good governance identified in the 2007 CIPFA / SOLACE Delivering Good Governance in Local Government Framework.

**Decision**

The Audit Committee agreed:

1. to note the contents of the Accounts Commission national report ‘*Roles and Working Relationships in Councils: Are You Still Getting It Right?’* at Appendix 1 to the submitted report, and in particular the key considerations summarised at 3.3 to 3.10 in the report;

2. to note the associated Summary Checklist – Questions for Councillors and Officers to Consider, attached at Appendix 2;
3. to note that the Chief Officer – Governance intended that the questions raised for Elected Members at Appendix 2 were reflected in training provided to Elected Members after the May 2017 elections; and

4. to note that the Audit Manager would reflect the questions raised for officers at Appendix 2 within the annual Internal Audit report on the Local Code of Corporate Governance for 2016/17.


**ACCOUNTS COMMISSION REPORT – LOCAL GOVERNMENT IN SCOTLAND: FINANCIAL OVERVIEW 2015/16**

A report submitted by the Chief Officer – Governance detailed the Accounts Commission national reports that were prepared by Audit Scotland. The report provided the Audit Committee with information on the Commission’s national report: ‘Local Government in Scotland: Financial Overview 2015/16’ published on 29 November 2016.

The report was an annual overview report that “tells the strategic financial story for local government in Scotland in 2015/16”. It contained a number of key messages on Income & Spending and the Financial Outlook, and had been published earlier than normal in order to inform councils’ and councillors’ considerations when setting their 2017/18 budgets.

The report was accompanied by two supplementary documents: a summary of Local Government Pension Scheme key facts and figures, governance arrangements and financial outlook; and a self-assessment tool to help councillors identify how well informed they were about key financial arrangements and to highlight areas for further enquiry.

The Committee noted the usefulness of the report and the importance that Members were supported in their roles with the relevant toolkits.

**Decision**

The Audit Committee agreed:

1. to note the contents of the Accounts Commission’s report ‘Local Government in Scotland: Financial Overview 2015/16’, attached at Appendix 1 to the submitted report, and in particular the key messages summarised at 3.5 and 3.6 in the report;

2. to note the associated supplements, ‘Self-Assessment Tool for Councillors’ and ‘Local Government Pension Scheme’ attached at Appendices 2 and 3; and

3. to note that the Chief Officer – Governance intended to reflect the contents of the ‘Self-Assessment Tool for Councillors’ in training to be provided to Elected Members after the May 2017 elections.

The Convener noted that since this was the last meeting of Audit Committee prior to the Local Government Elections he expressed thanks to Members, Officers, External Audit and Clerk for their valued work and contribution over the years.

The Convener declared the Meeting closed at 11.50 am