

## **STIRLING COUNCIL**

**MINUTES of MEETING of the AUDIT COMMITTEE held in the COUNCIL CHAMBERS,  
OLD VIEWFORTH, STIRLING on THURSDAY 1 NOVEMBER 2018 at 10.00 am**

### **Present**

Councillor Neil BENNY (Convener)

Councillor Martin EARL  
Councillor Graham LAMBIE  
Councillor Alison LAURIE

Councillor Ross OXBURGH  
Councillor Alasdair TOLLEMACHE

### **In Attendance**

Jim Boyle, Chief Officer - Finance  
David Bright, Resilience & Risk Team Leader (Environment & Place)  
David Crighton, Land Services Manager (Environment & Place)  
Margaret Davison, Senior Manager People, Planning & Performance  
Judy Edwards, Early Years & Early Intervention Service Manager (Schools & Learning)  
Kevin Kelman, Senior Manager – Schools & Learning (CEdO)  
Drew Leslie, Infrastructure Development Manager (Infrastructure)  
Kevin O’Kane, Audit Manager (Governance)  
Brian Roberts, Senior Manager – Infrastructure  
Steven Richardson, Health Social Care Partnership  
Patrica Stefanovic, Expansion of Early Learning and Childcare, School, Learning and Education Project Manager (Schools & Learning)  
Shiona Strachan, Chief Officer (Integration Joint Board)  
Marie Valente, Senior Manager – Children & Families (CSWO)  
Iain Strachan, Chief Officer - Governance (Clerk)  
Karen Swan, Committee Officer (Governance) (Minutes)

### **Announcement**

Prior to the start of the meeting, the Convener announced that David Bright, Resilience and Risk Team Leader was retiring from the Council in December 2018. He wished David all the best for the future and thanked him for all of his work with Audit Committee over the years.

### **AC88 APOLOGIES AND SUBSTITUTIONS**

There were no apologies or substitutions.

## **AC89 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **AC90 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER**

There were no items of urgent business.

## **AC91 MINUTES – AUDIT COMMITTEE – 30 AUGUST 2018**

### **Decision**

The Audit Committee agreed to approve the Minutes of Meeting held on 30 August 2018 as an accurate record of proceedings.

## **AC92 ROLLING ACTION LOG**

The Rolling Action Log was submitted for review.

### **Decision**

The Audit Committee agreed to note the Rolling Action Log.

## **AC93 RISK MANAGEMENT**

The submitted report detailed the Strategic Risk Register, enabling Audit Committee 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 20 risks – 17 under treatment and 3 managed /monitored.

The meeting noted that Springkerse Bridge, which had previously been on the Risk Register, had reopened ahead of scheduled. The Senior Manager, Infrastructure confirmed that officers would meet with Network Rail to discuss lessons learned from the project and that a progress report on Springkerse Bridge would be taken to a future Environment & Housing Committee.

Following discussion on SR14 “We fail to make adequate provision for leaving the EU”, the Chief Officer – Finance would seek clarity on how many Stirling Council staff were employed from the European Free Trade Association (EFTA) countries.

The Committee also agreed that a report on the “Preparation of Exit from European Union” would be submitted to the next meeting of the Audit Committee.

In response to Members’ questions, the Committee was advised that references within SR10 to Tackling Poverty and Inequality Group would be removed; a report on the Roads Assets Management Plan (SR20) would be submitted to Environment & Housing Committee in January 2019 and that the Registration Service (EDC & TRISK05) would be taken off the risk register as permanent staff were being recruited.

The Committee also noted that the Resilience Planning for Winter Weather would be circulated to the Members of the Audit Committee.

### **Decision**

The Audit Committee agreed:

1. the risks within the Strategic Risk Register with specific attention to treatment actions and target dates;
2. to note the strategic risks highlighted in paragraph 2.1 of the submitted report and the Service Risk Register Status update in paragraph 2.3 of the report and Appendix 2 to the report; and
3. that a report on “Preparation of Exit from European Union” be brought to the next meeting of the Audit Committee.

(Reference: Report by Chief Officer – HR dated 29 September 2018, submitted)

## **AC94 ACCOUNTS COMMISSION REPORT: CHILDREN AND YOUNG PEOPLE'S MENTAL HEALTH**

The report provided the Audit Committee with information on the Accounts Commission and Auditor General for Scotland's national report: Children and Young People's Mental Health, which was prepared by Audit Scotland and published in September 2018.

Presentation of Accounts Commission national reports enabled the Audit Committee to discharge its remit under the Council's Scheme of Delegation to consider the reports of external audit and inspection agencies.

In response to a Members' question, the Senior Manager Children & Families confirmed that a strategic working group on mental health, consisting of partners from the NHS and Police, were working on a mapping exercise which would identify the gaps in services for children and young people and their parents and carers. The Chief Officer (Integration Joint Board) also confirmed that Strategic Needs Assessment documents on mental health pathway gap analysis existed that detailed such gaps and that she would forward them to the Members of the Audit Committee.

Following a discussion on the mental health triage project, which was being progressed by Police Scotland, the Senior Manager Children & Families confirmed that she would get an update on the project and advise Councillor Earl accordingly.

The Senior Manager Children & Families also confirmed to Committee that processes on how to capture any potential loss of clients would be included in the Performance and Strategic Priorities Update – Children & Families report to the Children & Young People Committee.

### **Decision**

The Audit Committee agreed:

1. to note the Accounts Commission and Auditor General for Scotland's report: Children and Young People's Mental Health, attached at Appendix 1 to the report,

and the key messages and recommendations summarised at paragraphs 2.1 to 2.5 of the submitted report (in particular, the recommendations for Councils at paragraph 2.4 of the submitted report);

2. to note the response to the report that the Children & Families service had been provided at paragraphs 2.6 and 2.7 of the submitted report; and
3. to note that the report was submitted for information and consideration to the meeting of the Corporate Management Team on 23 October 2018.

(Reference: Report by Chief Officer – Governance dated 24 October 2018 submitted)

## **AC95 INTERNAL AUDIT PROGRESS REPORT**

The report submitted presented the Audit Committee with an update on progress made against the approved Internal Audit Risk Assessment & Plan 2018-19, including work brought forward from 2017-18 for completion, and detailed Internal Audit reports issued since the previous meeting of the Committee on 30 August 2018. Those reports were attached at Appendix 2 to the submitted report for consideration and scrutiny.

The report also drew the Committee's attention to revisions made to the Internal Audit Risk Assessment & Plan 2018-19, to reflect a reduction in the expected level of Internal Audit resources available during the period of the Plan, up to 31 March 2019.

Following notification within the submitted report that six internal audit reports would be deferred, the Members of the Audit Committee agreed that they should be reviewed as a priority with 2019.

Two Internal Audit Summary reports were attached at Appendix 2 to the submitted report.

The Audit Plan Position Statement was attached at Appendix 3.

### **(a) Looked After & Accommodated Children ('Kinship Care')**

The scope of the review in respect of Looked After & Accommodated Children, focussed on compliance with statutory regulations and arrangement in kinship care.

Seven Medium and 3 low risks were identified.

The Audit Opinion was that substantial assurances could be given that the arrangements for Looked After Children & Accommodated Children, focussing on kinship care, were robust and operating effectively, in line with Council's guidance and relevant legislation.

### **(b) Internal Financial Controls: Non Domestic Rates**

The scope of the review in respect of Internal Financial Controls: Non Domestic Rates was to identify and agree with system owners a range of key financial controls for each system, which would be subject to continuous audit review and testing, to carry out relevant audit tests and apply sampling procedures, where necessary, to provide evidence of the existence and effectiveness of the key financial controls and to provide audit reports to the Corporate Management Team

and the Audit Committee that contained an independent audit assurance opinion on the process and key financial controls reviewed.

Two low risks and one Advisory were identified.

The Audit Opinion was that comprehensive assurances could be given that controls were in place around the Non-Domestic Rates processes were appropriate and were being properly applied.

In response to Members questions, the Chief Officer – Finance confirmed that clarity on the role of Stirling Council in each of the Business Improvements Districts (Stirling and Dunblane) would be sought and advised to Members of the Committee.

### **Decision**

The Audit Committee agreed:

1. the findings, risks, recommendations and statements of assurance set out in the Internal Audit reports at Appendix 2 to the report; and
2. to note progress made on the approved Internal Audit Risk Assessment & Plan 2018-19, as set out in the Position Statement at Appendix 3 to the submitted report, and which reflected the reduction in the expected level of Internal Audit resources available during the period of the Plan, up to 31 March 2019.

(Reference: Report by Chief Officer – Governance, dated 24 October 2018 submitted)

### **AC96 INTERNAL AUDIT – ACTION TRACKING UPDATE**

Internal Audit reports contained recommendations for improvements to controls, systems and processes, together with agreed actions for Services to address those recommendations. These were summarised in Action Plans within each audit report. Internal Audit monitors and reports on the implementation of agreed actions across all audit reviews.

The report attached at Appendix 1 to the submitted report identified Services' progress in implementing actions that had a target date of 30 September 2018 or earlier, based on responses received as at 22 October 2018.

The report submitted at Appendix 2 listed all outstanding 'high priority' actions that, as at 22 October 2018, had not been completed in line with their original target dates.

### **Decision**

The Audit Committee agreed:

1. to note the Action Tracking report at Appendix 1 to the submitted report, which highlighted that there were 34 Internal Audit reports with actions that were outstanding. The reports contained 9 actions that were overdue in terms of their current target dates, based on information provided to Internal Audit as at 22 October 2018; and

2. to note the report at Appendix 2 to the submitted report, which provided details of the 9 'high priority' actions that were overdue in terms of their original target dates, including Services' explanations for slippage.

(Reference: Report by Chief Officer – Governance, dated 24 October 2018 submitted)

## **AC97 FRAUD & IRREGULARITIES REPORT**

The submitted report and its appendices provided the Audit Committee with information on Counter Fraud activity and reported thefts, frauds and other financial irregularities in the year to 30 September 2018.

The reports did not provide detail on matters that were subject to ongoing investigations by Police Scotland, or that may be referred to Police Scotland as a result of ongoing investigations.

The report also highlighted the findings of Audit Scotland's report on the National Fraud Initiative in Scotland for 2016/17, and provided an update on the Council's progress in respect of that exercise and the preparations underway for the 2018/19 exercise.

Following on from Members questions on reclaiming money from fraudulent action, the Audit Manager confirmed he would seek clarification and report back to a meeting of the Audit Committee in January 2019.

### **Decision**

The Audit Committee agreed:

1. to note the Irregularities Report attached at Appendix 1 to the submitted report, and additional information in paragraph 2.1 of the submitted report;
2. to note Counter Fraud Activity 2018/19 report attached at Appendix 2 to the submitted report, and additional information at paragraphs 2.2 and 2.3 of the submitted report;
3. to note the additional information, concerning other investigations, at paragraphs 2.4 of the submitted report;
4. to confirm its support for the Council's participation in the National Fraud Initiative; and
5. to note the Audit Scotland report 'The National Fraud Initiative in Scotland' attached at Appendix 3 to the submitted report, and additional information in paragraphs 2.5 to 2.7 of the submitted report.

(Reference: Report by Chief Officer – Governance, dated 24 October 2018 submitted)

## **AC98 EXPANSION OF EARLY LEARNING AND CHILDCARE**

The purpose of the submitted report was to provide the Audit Committee with the revised Expansion of Early Learning and Childcare Delivery Plan for Stirling Council. The plan detailed what was required for the expansion of early learning and childcare provision within Stirling Council, within the guiding principles of quality, flexibility, accessibility and affordability, as set out in the Scottish Government's document, a Blueprint for 2020: The Expansion of Early Learning and Childcare in Scotland.

On the 27 September 2018, the Children and Young People Committee agreed the plan's expansion of early learning and childcare and to continue to review the implementation of the plan, with regular updates provided to the said Committee, highlighting any challenges that emerged through the phasing of the plan.

### **Decision**

The Audit Committee agreed to note the plan for the expansion of early learning and childcare.

(Reference: Report by Senior Manager – Schools & Learning (CEdO), dated 22 October 2018 submitted)

The Convener declared the Meeting closed at 11:40 am.