

STIRLING COUNCIL

**MINUTES of MEETING of the AUDIT COMMITTEE held in the COUNCIL CHAMBERS,
OLD VIEWFORTH, STIRLING on THURSDAY 24 JANUARY 2019 at 10.00 am**

Present

Councillor Neil BENNY (Convener)

Councillor Martin EARL
Councillor Graham LAMBIE
Councillor Alison LAURIE

Councillor Alasdair MAJURY
Councillor Alasdair TOLLEMACHE

In Attendance

Jim Boyle, Chief Officer - Finance
Margaret Davison, Senior Manager People, Planning & Performance
Kristine Johnson, Chief Officer – HR
Kevin Kelman, Senior Manager – Schools & Learning (CEdO)
Stephen McAleer, Senior Manager – Delivery of CRD
Ruth McColgan, Chief Officer – Governance (Interim)
Isabel McKnight, Chief Officer – Strategic Commissioning & Customer Development
Kevin O’Kane, Audit Manager (Governance)
Heather Robb, Technology & Information Manager (Strategic, Commissioning & Customer Development)
Brian Roberts, Senior Manager – Infrastructure
Nicola Shaw, Category Manager (Strategic Commissioning & Customer Development)
Rikki Sneddon, Service Manager – (Fieldwork) (Children & Families)
Karen Swan, Committee Officer (Governance) (Minutes)
David McDougall, Governance Officer (Governance) (Clerk)

AC99 APOLOGIES AND SUBSTITUTIONS

There were no apologies or substitutions.

AC100 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC101 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER

There were no items of urgent business.

AC102 MINUTES – AUDIT COMMITTEE – 1 NOVEMBER 2018

Decision

The Audit Committee agreed to approve the Minutes of Meeting held on 1 November 2018 as an accurate record of proceedings.

AC103 ROLLING ACTION LOG

The Rolling Action Log was submitted for review.

The Convener advised that a report on the Arm's Length External Organisations and other Strategically Funded Bodies would be considered at the next scheduled meeting of the Audit Committee.

Decision

The Audit Committee agreed to note the Rolling Action Log.

AC104 RISK MANAGEMENT

The report submitted 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 – 18 under treatment and 2 managed/monitored.

Following Members discussion on Risk Register SR04 - *We fail to adequately respond to rising external cost pressures and likely reductions in central Government funding over the next 5 – 10 years*, the Chief Officer - Strategic Commissioning & Customer Development confirmed that further dialogue would be discussed following the Committee.

The Chief Officer - Strategic Commissioning & Customer Development also confirmed that reference to the Tackling Poverty and Inequality Group would be removed from SR10 of the Risk Register.

The Convener welcomed the new Senior Manager – Delivery of CRD to the Audit Committee and noted an updated SR10 - *We fail to maximise the opportunities presented by the Stirling City Region Deal*. The meeting also noted that the Convener and Vice Convener, for the purposes for the Audit Committee, would discuss with the Senior Manager – Delivery of CRD the breakdown of the future risk associated with the Stirling City Region Deal.

Decision

The Audit Committee agreed:

1. to note the risks within the Strategic Risk Register with specific attention to treatment actions and target dates; and
2. to note the strategic risks highlighted in paragraph 2.1 and the Service Risk Register Status update in paragraph 2.3 of the submitted report.

(Reference: Report by Chief Officer – HR dated 16 January 2019, submitted)

AC105 INTERNAL AUDIT PROGRESS REPORT

The report presented the Audit Committee with an update on progress made against the revised 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 1 November 2018. Those reports were attached at Appendix 2 to the submitted report for consideration and scrutiny.

The report also reflected a temporary reduction in the expected level of Internal Audit resources available during the period of the Plan, up to 31 March 2019. Details of those revisions were notified to the Committee at its meeting on 1 November 2018.

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) Forth Valley and Lomond LEADER Programme

The scope of review in respect to Forth Valley and Lomond LEADER programme was to assess the extent of compliance with the Service Level Agreement (SLA) during year to 15 October 2018; identify and review administrative costs submitted 16 October 2017 and 15 October 2018; and identify and review a sample of projects that were approved during the year to 15 October 2018, in order to assess the extent of compliance with relevant SLA provisions.

One Medium risk was identified.

The Audit Opinion was that comprehensive assurances could be given that the Council, as the Accountable Body for the Forth Valley & Lomond LEADER Programme, had undertaken the delegated function as specified in the service level agreement during the year to 15 October 2018.

(b) ICT: Cyber Security

The scope of the review in respect of Cyber Security arrangements was to identify and consider progress made by the Council with the implementation of the '10-Step Approach to Cyber Security', as recommended by the UK's National Cyber Security Centre, and as adopted in the Council's approved Cyber Security Strategy; progress made in the Council with the implementation of the baseline stage of the Scottish Public Sector Action Plan on Cyber Resilience, which was informed by the UK National Cyber Security Centre approach; and the extent to which the Council's current

arrangements also provided assurance over Cyber Security risks when considered against the Institute of Internal Auditors' Global Technology Guide: 'Assessing Cyber Security Risk; Roles of the Three lines of Defence.

Seven Medium Risk and one Advisory were identified.

The Audit Opinion was that substantial assurances could be given that Cyber Security arrangements were in place within the Council and were robust and operating effectively, in line with the Council's approved, revised Cyber Security Strategy and the related Scottish Public Sector Action Plan on Cyber Resilience.

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 revised Internal Audit Risk Assessment & Plan 2018-19, as set out in the Position Statement at Appendix 3 to the submitted report.

(Reference: Report by Chief Officer – Finance dated 16 January 2019 submitted)

AC106 ACCOUNTS COMMISSION REPORT: LOCAL GOVERNMENT IN SCOTLAND: FINANCIAL OVERVIEW 2017/18

The report provided Audit Committee with information on the Accounts Commission's national report Local Government in Scotland: Financial Overview 2017/18.

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 Members questions, the Chief Officer – Finance noted that although Stirling Council was the highest in the amount that Councils were committed to pay to the pension funds, they had over the past few years a number of senior officers take voluntary severance. He also explained that Stirling Council had changed the additional years within the Voluntary Severance Policy.

Decision

The Audit Committee agreed:

1. to note Accounts Commission's national report: Local Government in Scotland: Financial Overview 2017/18, and the associated 'Scrutiny tool for councillors', attached at Appendices 1 and 2 to the submitted report; and
2. note the report's key messages, summarised at paragraph 2.5, and the specific financial information for Stirling Council, summarised at paragraph 2.6 of the submitted report.

(Reference: Report by Chief Officer – Finance, dated 16 January 2019 submitted)

AC107 LEAVING THE EUROPEAN UNION – IMPLICATIONS FOR STIRLING COUNCIL

The report sought to explore the potential impacts for the Council and across the Stirling area of the UK leaving the European Union (EU).

Over the next few months, the UK Government had to conclude a withdrawal agreement with the EU before 29 March 2019. At that point the UK will leave the EU and all existing EU law would transfer into UK law.

As matters stand, it was difficult for the council to assess fully the impact that leaving the EU would have. However the potential impact on key areas were being considered in order for the council to be prepared for any eventuality.

The Committee passed on thanks and commended Officers for the work involved.

Decision

The Audit Committee agreed:

1. to note the considerations and potential implications of leaving the EU;
2. the action to consider the potential challenges that leaving the EU presents; and
3. to provide employees with support when applying for settled status.

(Reference: Report by Chief Officer – HR, dated 16 January 2019 submitted)

AC108 CONTRACT AND SUPPLIER MANAGEMENT FRAMEWORK (CSM)

The Council was committed to undertaking Contract and Supplier Management on its procurement activities and to formalise the Council's process of monitoring a Supplier's performance against their contractual requirements.

One of the key aims of the Framework was to ensure contracts were managed effectively, outcomes were delivered, Best Value was achieved.

The framework reflected the strategic priorities set out in the 'Stirling Plan' and linked these to a set of objectives, actions and outcomes which were achievable through the procurement & commissioning process. These reflected both national and local policies and priorities and include our approach to Scottish Living Wage, fair trade, sustainability and corporate social responsibility.

The Framework would support Stirling Council's monitoring of Community Benefits which demonstrated a commitment to maximising community benefits from procurement activity.

Decision

The Audit Committee agreed:

1. to note the contents of this report;
2. to endorse Stirling Council's Contract and Supplier Management Framework (CSM);

3. endorse the implementation of the Scottish Government tracking tool; and
4. note that a Bi-Annual Report would be brought back to the Audit Committee in October 2019.

(Reference: Report by Chief Officer – Strategic, Commissioning & Customer Development, dated 16 January 2019 submitted)

The Convener declared the Meeting closed at 11.10 am