

STIRLING COUNCIL

**MINUTES of MEETING of the AUDIT COMMITTEE held in the COUNCIL CHAMBERS,
OLD VIEWFORTH, STIRLING on THURSDAY 21 MARCH 2019 at 10.00 am**

Present

Councillor Neil BENNY (Convener)

Councillor Graham LAMBIE
Councillor Alison LAURIE
Councillor Alasdair MAJURY

Councillor Ross OXBURGH
Councillor Alasdair TOLLEMACHE

In Attendance

Jim Boyle, Chief Officer – Finance
Lorna Cameron, Chief Officer – Housing
Judy Edwards, Early Years & Early Intervention Service Manager (Schools & Learning)
Lesley Gallagher, Regeneration and Inclusive Growth Service Manager (Economic Development, Culture & Tourism)
Graham Gibson, Senior Media Officer (Strategic, Commissioning & Customer Development)
Michael Grassom, Service Manager Safer Reducing Offending (Children & Families)
Carol Herity, Customer Services & Relationships Manager (Strategic, Commissioning & Customer Development)
Kristine Johnson, Chief Officer – HR
Kevin Kelman, Senior Manager – Schools & Learning (CEdO)
Drew Leslie, Infrastructure Development Manager (Infrastructure)
Steven MacDonald, Economic Development Team Leader (Economic Development, Culture & Tourism)
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
Karen Swan, Committee Officer (Governance) (Clerk)

Also Present

Tim Bridle, Audit Scotland, External Auditor
Paul Craig, Audit Scotland, External Auditor

AC109 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Martin Earl. Councillor Ross Oxburgh was in attendance for Councillor Martin Earl.

AC110 DECLARATIONS OF INTEREST

Councillor Alison Laurie declared a non-financial interest at Item 11 – ALEOs and Other Strategically Funded Bodies: Annual Report to Audit Committee (AC119) as a Director of the Stirling Development Agency. She noted that since the report was an update on the on ALEOs she would stay for deliberation of the item of business.

AC111 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER

There were no items of urgent business brought forward by the Convener.

AC112 MINUTES – AUDIT COMMITTEE – 24 JANUARY 2019

Decision

The Audit Committee agreed to approve the Minutes of Meeting held on 24 January 2019 as an accurate record of proceedings.

AC113 ROLLING ACTION LOG

The Rolling Action Log was submitted for review.

The Committee noted that Officers would advise the Clerk the expected completion dates of the outstanding actions within the Rolling Action Log.

Decision

The Audit Committee agreed to note the Rolling Action Log.

AC114 RISK MANAGEMENT

The report contained the Strategic Risk Register, which enabled the Audit Committee 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.

In response to a Members' question, the Chief Officer – Finance confirmed that along with NHS Forth Valley, Stirling Council would continue discussion with Clackmannanshire Council in respect to Clackmannanshire & Stirling Health & Social Care Partnership financial overspend commitment noted at Risk Register *SR19 – Health & Social Care Partnership – Fails to delivery service within agreed budget, specification or timescale.*

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 14 March 2019, submitted)

AC115 INTERNAL AUDIT PROGRESS REPORT

The report presented the Audit Committee with an update on progress made against the 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 24 January 2019. A summary of that report was attached at Appendix 2(b) for consideration and scrutiny.

One Internal Audit Summary report was attached at Appendix 2 to the submitted report.

The Audit Plan Position Statement was attached at Appendix 3.

(a) Early Learning and Childcare Expansion

The scope of the review was to consider the planning for the expansion of Early Learning and Childcare service and whether there was adequate and effective plans to ensure the project objectives were met; capital programme provisions to ensure that necessary infrastructure work was performed to support the delivery of extended provision; and management information and reporting arrangements.

Two Medium risks and one low risk were identified.

The Audit opinion was that substantial assurance could be given that arrangements were in place within the Council for the planning of the expansion in Early Learning and Childcare were robust and were operating effectively, and that these appropriately reflect guidance issued by the Scottish Government to date, in particular 'A Blueprint for 2020: The Expansion of Early Learning & Childcare in Scotland 17/18 Action Plan'.

The Senior Manager - Schools & Learning confirmed that an update report on the Learning & Childcare Expansion would be submitted to a future Children & Young People Committee.

Decision

The Audit Committee agreed:

1. to note the summarised Internal Audit report, including assurance opinion and action plan, as set out at Appendix 2(b) 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 13 March 2019 submitted)

AC116 DRAFT INTERNAL AUDIT RISK ASSESSMENT & PLAN 2019/20

The report presented Internal Audit's draft annual Risk Assessment and Plan 2019/20, which sets out a proposed programme of internal audit work for the coming financial year. The draft Plan was attached at Appendix 2 for consideration and endorsement by the Audit Committee, as required under the Council's Scheme of Delegation.

Internal Audit's work was governed by the requirements of a common set of UK Public Sector Internal Audit Standards (PSIAS), adopted and issued by the Chartered Institute of Public Finance & Accountability (CIPFA) and the Institute of Internal Auditors (IIA). The PSIAs cover a number of areas, including the development of risk-based audit plans.

PSIAS 2010 (Planning) required the Council's chief audit executive (the Audit Manager) to establish risk-based plans that were consistent with the Council's key priorities and risks, in order to determine the priorities of the internal audit activity. Further details of the requirements of PSIAS 2010 were given at Appendix 1 to the submitted report.

Decision

The Audit Committee agreed:

1. to note the draft annual Internal Audit Risk Assessment and Plan 2019/20, attached at Appendix 2 to the submitted report;
2. to note that the draft annual Internal Audit Risk Assessment and Plan 2019/20 was considered by the Corporate Management Team at its meeting on 26 February 2019; and
3. to endorse the draft annual Internal Audit Risk Assessment and Plan 2019/20.

(Reference: Report by Chief Officer – Finance, dated 13 March 2019 submitted)

AC117 FRAUD PROSECUTIONS REPORT

The report provided the Audit Committee with summarised information in relation to recent, successful prosecutions of three separate frauds against the Council. Two of those were cases of internal fraud, the other was by a contracted service provider.

The frauds were initially investigated internally by Internal Audit or by the relevant Council Service (with HR support from HR and/or Internal Audit) and, in each case, was reported to Police Scotland by the Council's Audit Manager for further investigation and for reporting to the Crown Office and Procurator Fiscal Service ('COPFS'), where appropriate, for a decision on whether to bring a prosecution in the public interest.

Limited information on these frauds had been reported to the Audit Committee at previous meetings, pending the completion of all court actions. Those actions were now complete, and the Audit Manager now provided an update report to the Committee that responded to Members' questions on the Council's recovery of money lost through these frauds.

The Convener commended staff for their diligence in reporting suspected fraud and noted the lessons learned from each of these cases.

Decision

The Audit Committee agreed:

1. to note the contents of the report, including the successful prosecution of each fraud case highlighted and the position regarding recovery of any losses;
2. to note that there were not currently any fraud cases that had been reported to Police Scotland by the Council and remain unresolved; and
3. to note that the information in the report was also submitted to the Corporate Management Team meeting on 26 February 2019 for consideration.

(Reference: Report by Chief Officer – Finance, dated 13 March 2019 submitted)

AC118 STIRLING COUNCIL ANNUAL AUDIT PLAN 2018/19

The Annual Audit Plan sets out the planned audit work that was undertaken by the external auditor to conduct the audit for the financial year 2018/19.

The Annual Audit Plan contained an overview of the planned scope and timing of the 2018/19 audit which would be carried out in accordance with international Standards on Auditing (ISAs), the Code of Audit Practice, and any other relevant guidance.

The Committee noted that following the Best Value review of Stirling Council, which was conducted by Audit Scotland during 2018/19, the final report would be published on 26 April 2019.

Decision

The Audit Committee agreed:

1. to note the planned audit work to be undertaken as outlined in the Annual Audit Plan 2018/19; and
2. to note that findings from the external auditor's work would be reported to the Audit Committee on 29 August 2019, and thereafter to full Council.

(Reference: Report by Chief Officer – Finance, dated 11 March 2019 submitted)

AC119 ALEOS AND OTHER STRATEGICALLY FUNDED BODIES: ANNUAL REPORT TO AUDIT COMMITTEE

The report presented the Council's second Annual Report on the performance and activity of its arm's length external organisations (ALEOs) and other strategically-funded bodies. The Annual Report was attached at Appendix 1 to the submitted report.

Presentation of the Annual Report enabled the Audit Committee to discharge its remits under the Council's Scheme of Delegation to consider the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best

practice; and to consider the Council's compliance with its own and other published standards and controls.

In response to a Members' question, the Economic Development Team Leader confirmed that regular reporting from individual ALEO's on their performances would be discussed with the Convener and Vice Convener of Finance & Economy Committee.

The Committee agreed that an update report on ALEO scrutiny should be submitted to the next meeting of the Audit Committee.

Decision

The Audit Committee agreed:

1. to note the performance and activity of the Council's arm's-length external organisations (ALEOs) and other strategically-funded bodies as reported in the Annual Report at Appendix 1 to the submitted report; and
2. that an update report on ALEO scrutiny be brought back to the next meeting of Audit Committee.

(Reference: Report by Chief Officer – Governance (Interim), dated 13 March 2019 submitted)

AC120 COMPLAINTS, ELECTED MEMBERS AND MP/MSP ENQUIRIES

The report presented the latest performance on Corporate Complaints, Elected Members Enquiries and MP/MSP Enquiries for the period April 2018 – December 2018.

The Committee thanked the Customer Services & Relationships Manager and her team for hard work entailed in running the service.

Decision

The Audit Committee agreed:

1. to note the performance (Appendices 1,2 & 3 to the submitted report);
2. to approve the complaints information contained in this Report could be included in the Corporate Complaints Annual Report; and
3. to note the next reporting period of January 2019 – June 2019.

(Reference: Report by Chief Officer – Strategic Commissioning & Customer Development, dated 14 March 2019 submitted)

AC121 ACCOUNTS COMMISSION REPORT ON EDINBURGH SCHOOLS

The Accounts Commission report on Edinburgh Schools identified a number of findings, and also summarised key outcomes from the independent report by Professor John Cole CBE into matters relating to the closure of Edinburgh Schools, as well as

recent developments. The report noted the key areas in the report and actions undertaken by Stirling Council in the intervening period.

In response to a Member's question, the Infrastructure Development Manager confirmed following the Accounts Commission report, risk assessments were completed on the school estates and were actioned through prioritisation of work.

The Committee expressed their thanks to the Infrastructure Development Manager and his team for the efficient way they handled the work involved.

Decision

The Audit Committee agreed to note the content of the report.

(Reference: Report by Senior Manager – Infrastructure, dated 12 March 2019 submitted)

The Convener declared the Meeting closed at 11.40am