

STIRLING COUNCIL

MINUTES of MEETING of the AUDIT COMMITTEE held via MICROSOFT TEAMS on THURSDAY 26 NOVEMBER 2020 at 10am

Present

Councillor Neil BENNY (Convener)

Councillor Graham LAMBIE
Councillor Alasdair MAJURY

Councillor Alasdair TOLLEMACHE

In Attendance

Moira Bilsbrough, Senior Internal Auditor - Governance
Jim Boyle, Chief Officer - Finance
Stephen Clark, Chief Officer - Housing
Charlie Haggerty, Legal Manager - Governance
Linda Hill, Regulatory Service Manager - Environment & Place
Kristine Johnson, Chief Officer - HR&OD
Kevin Kelman, Chief Operating Officer - People & Chief Education Officer
Julia McAfee, Chief Officer - Governance (Clerk)
Isabel McKnight, Chief Operating Officer - Communities & Performance
Sheila McLean, Governance Officer - Governance
George Murphy, Accounting Operations Manager - Finance
Bruce Reekie, Senior Manager - Environment & Place
Brian Roberts, Chief Operating Officer – Infrastructure & Environment
Scott Ross, Portfolio and Business Manager - Communities & Performance
Keir Stevenson, Place Development Manager, Communities and Partnerships
Marie Valente, Senior Manager - Children & Families (CSWO)
Dave Whyte, ICT Support Manager, Communities & Performance
Mary Love, Committee Officer - Governance (Minute)

Also Present

Mark Ferris, Audit Scotland, External Auditor
John Cornett, Audit Scotland, External Auditor

AC185 APOLOGIES AND SUBSTITUTIONS

Apologies were received on behalf of Councillor Martin Earl and Councillor Alison Laurie. There were no substitutions.

AC186 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC187 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER

There were no items of urgent business.

AC188 MINUTES – AUDIT COMMITTEE

The Minutes of the Audit Committee held on [23 January 2020](#), [19 March 2020](#) and [18 June 2020](#) were submitted for approval.

Decision

The Audit Committee agreed to approve the Minutes of Meetings held on 23 January 2020, 19 March 2020 and 18 June 2020 as accurate records of proceedings.

AC189 ROLLING ACTION LOG

The Rolling Action Log was submitted for review.

Decision

The Audit Committee agreed to note the Rolling Action Log.

AC190 RISK MANAGEMENT – STRATEGIC RISK REGISTER

A report by the Chief Officer – HR&OD 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 Chief Officer – Finance advised Members that as a result of the current financial climate, the Scottish Budget and Local Government Finance Settlement figures would be delayed and were not expected until late January 2021, which would need to be taken into account when setting the Council budget for 2021/22.

Discussion took place around the deadline dates set for actions within the register and it was noted that these were backstop dates, with some of the actions being implemented and considered before the Council budget in 2021. It was agreed that Members would receive an indication of dates when outstanding actions would be completed.

Discussion then took place around the EU exit and it was agreed that a Members Briefing would be arranged to update Members on current EU exit requirements.

It was also agreed that a report on pothole repairs would be added to Future Items within the Environment & Housing Committee workplan.

Senior Officers confirmed that there were currently no risks to their Service areas that would affect the impact risk score within the register.

Decision

Committee agreed to note the risks within the Strategic Risk Register with specific attention to the scoring contained within Appendix 1 to the report.

(Reference: Report by Chief Officer – HR & OD dated 2 November 2020, submitted)

AC191 ALEOS AND OTHER STRATEGICALLY FUNDED BODIES: ANNUAL REPORT TO AUDIT COMMITTEE

A report by the Chief Officer – Governance presented the Council's third Annual Report on the performance and activity of its arm's length external organisations (ALEOs) and other strategically-funded bodies.

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.

The Chief Officer – Governance introduced the report and responded to questions from Members. In response to a particular Member question, it was agreed that an additional column for Projected Funding would be added to the ALEOs document, in order to have a comparison with Actual Funding.

In response to a Member question regarding whether a report on Raploch URC/Stirling Community Enterprises Ltd was reported to the Environment & Housing Committee in 2019, the Chief Operating Officer - Communities & Performance agreed to seek confirmation and advise Members accordingly.

Discussion took place regarding the information provided by ALEOs and it was agreed that Services should liaise with representatives to ensure that ALEOs were fulfilling their purpose with regard to the strategic objectives of the Council, which should be reflected in reports to relevant Committees.

It was noted that there was a large amount of detail in the reporting and to assist provision of the correct information, it was agreed that a previously presented Audit Commission report with checklist would be circulated to Services to cascade to relevant representatives for reference.

Decision

The Audit Committee agreed 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 report.

(Reference: Report by Chief Officer – Governance dated 2 November 2020, submitted)

AC192 INTERNAL AUDIT PROGRESS REPORT

A report by the Chief Officer - Governance presented the Audit Committee with an update on progress made against the Internal Audit Risk Assessment & Plan 2020/21.

It also provided details of Internal Audit reports that had been issued since the previous Internal Audit Progress Report was considered by the Committee on 23 January 2020.

The Senior Internal Auditor introduced the report and noted that this information was presented to Audit Committee on a regular basis in order to provide Members with an update.

Discussion took place around the detail in the reports and the following actions were agreed:-

1. Changes within Performance Indicators relevant to School Capacity Planning should be reflected in next Performance Report to the Children & Young People Committee.
2. Clarity was to be sought whether the 'Purchasing Cards – Cardholder Procedures' document had been updated and issued.
3. Discussion to be held with Royal Bank of Scotland on options of leavers being removed automatically on ERIN.

Decision

Committee agreed to:

1. note the findings, risks, recommendations and statements of assurance set out in the Internal Audit reports at Appendix 2 to the report; and
2. note the progress made with the Internal Audit Risk Assessment & Plan 2020/21 (including audit review work brought forward for completion from 2019/20), as set out in the Position Statement at Appendix 3 to the report.

(Reference: Report by Chief Officer – Governance dated 2 November 2020, submitted)

AC193 FRAUD AND IRREGULARITIES REPORT

A report by the Chief Officer - Governance provided the Audit Committee with information on counter fraud activity and reported thefts, frauds and other financial irregularities for the period 1 October 2019 to 30 September 2020.

The report covered an 'extended period' of 12 months. Compilation by Internal Audit of the 'normal' 6-monthly report for October 2019 to March 2020 was deferred to allow Services to prioritise their early responses to the Covid-19 pandemic.

This report also provided an update on the Council's participation in the National Fraud Initiative exercise 2018/19, which was now complete; it highlighted the findings of Audit Scotland's national report titled 'The National Fraud Initiative in Scotland 2018/19' issued in July 2020; and touched upon the Council's preparations for the 2020/21 National Fraud Initiative exercise, which was now underway.

Discussion took place around data matches within the housing lists and it was noted that the lists would be reviewed more frequently, therefore improving the accuracy of the data received. The information within the waiting list was validated by an external colleague to ensure accurate data was provided by Housing Services once reviews had taken place.

The Convenor conveyed thanks to the team with regard to the work undertaken within the fraud initiative.

Decision

Committee agreed to:

1. note the contents of the report;
2. note the Irregularities Report at Appendix 1 to the report;
3. note the Counter Fraud Activity Report at Appendix 2 to the report;
4. note the National Fraud Initiative 2018/19 Exercise Update at Appendix 3 to the report;
5. note the Audit Scotland report '*National Fraud Initiative 2018/19*' at Appendix 4 to the report; and
6. note the Counter-Fraud Activity in relation to Covid-19 Grants, at Appendix 5 to the report.

(Reference: Report by Chief Officer – Governance dated 2 November 2020, submitted)

AC194 INTERNAL AUDIT – ACTION TRACKING UPDATE

A report by the Chief Officer - Governance Internal Audit noted that reports contained agreed actions for improvements to controls, systems and processes, for implementation by Services. These were summarised in Action Plans within each report. Internal Audit monitored and reported on the implementation of agreed actions across all audit reviews.

The report attached at Appendix 1 covered an 'extended period' of 12 months. Compilation of the normal 6-monthly report for October 2019 to March 2020 had been deferred until June 2020, to allow Services to prioritise their early responses to the Covid-19 pandemic.

The report at Appendix 2 listed all outstanding 'high priority' actions that, as at 7 October 2020, had not been completed in line with their original target dates.

Discussion took place regarding the content within the report and in response to a Member question regarding self-directed support within the Integration Joint Board, it was noted that regular assurance reports were submitted via the Clinical and Care Governance Group, which the Senior Manager - Children & Families noted she was party to and would raise this matter at its next meeting to ensure it had continued focus.

Decision

Committee agreed to:

1. note the Action Tracking Report at Appendix 1 to the report, which highlighted that there were 36 Internal Audit reports with a total of 95 agreed actions that were still to be completed by Services; and
2. note that the Report at Appendix 2, which provided an update on 17 'high priority' actions that were overdue in terms of their original target dates, including the Services' explanations for slippage.

(Reference: Report by Chief Officer – Governance dated 2 November 2020, submitted)

AC195 AUDIT COMMITTEE: DRAFT ANNUAL REPORT 2019 – 20

A report by the Chief Officer - Governance presented the draft Audit Committee Annual Report 2019-20 for Committee consideration and approval.

Preparation of an Annual Report enabled the Committee to meet best practice guidance issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) in 'Audit Committees: Practical Guidance for Local Authorities and Police'.

Best practice arrangements included the Committee accounting for its work to the Council as 'those charged with governance', and providing an assessment, at least annually, of its performance in discharging its role and functions, as set out in the Scheme of Delegation.

The Convener conveyed thanks to the Internal Audit team for their hard work in compiling the report.

The Chief Officer – Governance also thanked the Internal Audit team for their hard work in the absence of two senior officers in the team. It was also noted that the post of Audit Manager had been offered to an individual, which would help to alleviate the pressure the team were currently working under.

Decision

Committee agreed:

1. to note the draft Audit Committee Annual Report 2019-20 at Appendix 1 to the report;
2. to approve the draft Audit Committee Annual Report 2019-20, and
3. that the Chief Officer – Governance should submit the Audit Committee Annual Report 2019-20 to the Council meeting on 4 March 2021, to enable the Committee to account to Council for its performance during 2019-20.

(Reference: Report by Chief Officer – Governance dated 2 November 2020, submitted)

AC196 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2018 – 19

A report by the Chief Operating Officer – Communities and Performance presented the annual Local Government Benchmarking Framework (LGBF) performance indicators for the period 2018-19.

The LGBF was a comparative benchmarking framework for use by all 32 Scottish councils providing a set of indicators that covered a range of service areas with an emphasis on costs, outcomes for service users and customer satisfaction.

Discussion took place around the performance indicators and it was highlighted that all individual Committees should continue to present these indicators within their performance reports for scrutiny. It was noted that the relevant parts of this report were reported at the request of the Audit Committee to the individual Committees and this was the plan for the future. Discussion had also taken place around the appropriateness of presenting this report to Audit Committee and the plan was that this would now be presented at Council as of next year.

In response to a Member comment around the graphs included within the report being presented in black and white, which proved difficult to read, the Chief Operating Officer – Communities and Performance advised that other reporting systems were being looked at as an alternative.

In response to another Member question, it was agreed that further information would be sent to Councillor Lambie detailing criteria used by the Improvement Service in relation to other local authorities.

Decision

The Audit Committee agreed to:

1. note the performance of reported LGBF indicators for 2018-19, which were included as Appendix 1 to the report;
2. note the new indicators that had been added by the LGBF Board to strengthen the suite of measures, which were detailed in section 2.1; and
3. note the key national messages presented by the Improvement Service and how Stirling compared with this, which were included as Appendix 2 to the report.

(Reference: Report by Chief Operating Officer – Communities and Performance dated 28 October 2020, submitted)

AC197 ICT SYSTEMS ACCESS CONTROL UPDATE REPORT

A report by the Chief Operating Officer – Communities & Performance presented the Audit Committee with an update on progress made against the actions identified by the ICT Systems Access Control Audited, which was published on 12 December 2019 and presented to the Committee on 23 January 2020.

The ICT Manager introduced the report and noted that there had been slippage against a number of the actions detailed in the action plan due to problems presented by Covid-19 and staffing shortages within the team.

In response to a Member question on whether enough resources were being provided into this area, it was noted that the service was looking to centralise ICT spending across the Council and that Senior Managers were looking at a proposal for additional funding for ICT.

Decision

The Audit Committee agreed to note progress made against the action plan, detailed in the report, and review revised dates as set out in Appendix 1 to the report.

(Reference: Report by Chief Operating Officer – Communities and Performance dated 28 October 2020, submitted)

AC198 STIRLING COUNCIL EARMARKED RESERVES – ANNUAL UPDATE

A report by the Chief Officer - Finance provided an update on the individual balances held within the Council's earmarked reserves.

The Chief Officer – Finance introduced the report, which had been presented at Council on 8 October 2020 with decisions agreed about the use of some of the reserves. It was highlighted that a regular review of these reserves was carried out to give Committee assurance and included discussions with the Senior Leadership Team and Council Management Team. It was noted that some of these reserves might be released for future use, other than for the purposes intended.

It was also agreed that this report would be brought to Audit Committee on an annual basis, with a date for the next report to be confirmed.

Decision

The Audit Committee agreed to note the individual balances held within the Council's earmarked reserves.

(Reference: Report by Chief Officer – Finance dated 13 November 2020, submitted)

AC199 STIRLING COUNCIL AUDITED ACCOUNTS 2019/20

A report by the Chief Officer - Finance outlined the key features of the financial position displayed in the 2019/20 audited accounts, incorporating a brief overview of the General Fund and Housing Revenue Accounts (HRA) revenue and capital outturn positions as at 31 March 2020. It also asked the Audit Committee to consider the Auditor's Final Report on the Accounts which was the subject of a separate report on the Audit Committee agenda, and to approve for signature the audited Stirling Council Accounts for the year ended 31 March 2020.

Subject to committee approval, the final audited accounts could be signed following today's meeting.

Discussion took place around senior Councillor remuneration and the Chief Officer – Finance provided an explanation for the content as set out within the report.

Decision

Committee agreed to:

1. note the Auditor's Final Report on the Accounts which was the subject of a separate report on the Audit Committee agenda; and
2. approve for signature the audited Stirling Council Accounts for the year ended 31 March 2020 (Appendix 1 to the report).

(Reference: Report by Chief Officer – Finance dated 13 November 2020, submitted)

AC200 ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE AND THE CONTROLLER OF AUDIT FOR FINANCIAL YEAR ENDED 31 MARCH 2020

A report by the Chief Officer – Finance noted International Standard on Auditing (UK and Ireland) 260 (ISA 260) required auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.

The External Auditor, Audit Scotland provided an in depth overview of the details contained within the report, particularly the key messages and noted that it was a very positive report on the Council and a very positive reflection of the way all challenges arisen by Covid-19 were addressed by the Finance Team. Accounts presented were of an incredibly high standard and the excellent help and support from the Finance Team was noted.

Discussion took place around the integration of health and social care and it was agreed that an update on the review of Health & Social Care Integration scheme would be provided to Members.

Discussion took place around where the Council was placed in comparison with regard to best practice nationally. It was noted that the challenge going forward would be due to the rapidly changing financial information received from both the Scottish and UK Governments due to Covid-19, which could have an impact on financial and operational performance. The Convener noted that it would be interesting to see this information as part of a national report in order for Members to gain a better understanding of what should be the best practice for Members with regard to making decisions on information they should be receiving. The External Auditor agreed to feed back this suggestion to Audit Scotland in terms of focus going forward.

It was also noted that outstanding actions in relation to the payback period for severance costs would require to be resurrected in advance of future budgets.

Decision

Committee agreed to:

1. note the content of the Independent Auditor's Report;
2. approve the content of the ISA 580 Letter of Representation;
3. note the significant audit findings within the proposed Annual Audit Report; and
4. note the recommendations for improvement and the follow up on prior year recommendations within the proposed Annual Audit Report.

(Reference: Report by Chief Officer – Finance dated 13 November 2020, submitted)

AC201 CHARITABLE TRUSTS ADMINISTERED BY STIRLING COUNCIL – REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2019/20 AUDIT

A report by the Chief Officer – Finance noted that International Standard on Auditing (UK and Ireland) 260 (ISA 260) required auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.

The Chief Officer – Finance introduced the report and provided an update the progress of winding up matters relating to the Charitable Trusts. The Legal team had been working with colleagues in the Finance team and it was noted that there had been some difficulties in relation to smaller charities, as some dealt with specific types of assets, which were causing issues in terms of discussions with the Office of the Scottish Charity Regulator (OSCR).

It was expected that the review would be completed before the end of this financial year and agreed that a report would be presented to the Finance & Economy Committee in terms of accounts progress for the next year.

Decision

The Audit Committee agreed to:

1. note the content of the ISA 260 report; and
2. approve the content of the ISA 580 Letter of Representation.

(Reference: Report by Chief Officer – Finance dated 13 November 2020, submitted)

AC202 COMMON GOOD FUNDS & CHARITABLE TRUSTS AUDITED ACCOUNTS 2019/20

A report by the Chief Officer - Finance asked the Audit Committee to consider the Auditor's Final Report on the Common Good Funds and Charitable Trusts Accounts which were the subject of a separate report on the Audit Committee agenda, and to approve for signature the audited Common Good Funds and Charitable Trusts Accounts for the year ended 31 March 2020.

In response to a Member question, it was agreed that a copy of the Register of current Common Good Fund assets would be uploaded on to the Council's website.

Discussion took place around advice given by Community Councils to charities and local organisations on Common Good Fund that were contrary to Council guidelines. It was noted that the Convener had already written to the Provost who had committed to ensure that the guidelines were updated and made available.

Decision

The Audit Committee agreed to:

1. note the Auditor's Final Report on the Common Good Funds and Charitable Trusts Accounts which was the subject of a separate report on the Audit Committee agenda; and
2. approve for signature the audited Common Good Funds and Charitable Trusts Accounts for the year ended 31 March 2020 (Appendices 1, 2 and 3 to the report).

(Reference: Report by Chief Officer – Finance dated 13 November 2020, submitted)

The Convener declared the Meeting closed at 12.25pm