

## **STIRLING COUNCIL**

**MINUTES of MEETING of the AUDIT COMMITTEE held in the COUNCIL CHAMBERS,  
OLD VIEWFORTH, STIRLING on THURSDAY 31 OCTOBER 2019 at 10am**

### **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  
Annmargaret Black, Chief Officer Clackmannanshire & Stirling Health & Social Care Partnership  
Lorna Cameron, Chief Officer – Housing  
Carol Herity, Customer Services & Relationship Manager (Communities & Performance)  
Kristine Johnson, Chief Officer – HR & OD  
Kevin Kelman, Chief Operating Officer - People (CEdO)  
Steven MacDonald, Economic Growth Culture Tourism & Events Service Manager (Economic Development, Culture & Tourism)  
Julia McAfee, Chief Officer – Governance  
Isabel McKnight, Chief Operating Officer – Communities & Performance  
Kevin O'Kane, Audit Manager (Governance)  
Bruce Reekie, Senior Manager – Environment & Place  
Brian Roberts, Chief Operating Officer – Infrastructure & Development  
Scott Ross, Transformation Policy & Performance Manger (Communities & Performance)  
Marie Valente, Senior Manager – Children & Families (CSWO)  
Karen Swan, Committee Officer (Governance) (Clerk)

### **Also Present**

Andrew Wallace, Audit Scotland, External Auditor

### **AC155 APOLOGIES AND SUBSTITUTIONS**

There were no apologies or substitutions.

### **AC156 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **AC157 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER**

There were no items of urgent business.

## **AC158 MINUTES – AUDIT COMMITTEE – 29 AUGUST 2019**

### **Decision**

The Audit Committee agreed to approve the Minutes of Meeting held on 29 August 2019 as an accurate record of proceedings, with a minor amendment at AC154 last paragraph to “although could not compel Elected members to attend.”

## **AC159 ROLLING ACTION LOG**

The Rolling Action Log was submitted for review.

### **Decision**

The Audit Committee agreed to note the Rolling Action Log.

The Committee also agreed that in respect to AC152 – Stirling Council Earmarked Reserves as at 31 March 2019, the Chief Officer – Finance would confirm to Corporate Management Team, Services and Committee Officers details of which Earmarked Reserves and their particular terms of reporting to relevant parent Committees.

## **AC160 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK: 2017-18 PERFORMANCE INFORMATION**

The Chief Operating Officer – Communities & Performance submitted a report that presented the annual Local Government Benchmarking Framework (LGBF) performance indicators for the period 2017-2018.

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

In response to Members’ questions, the Senior Manager – Environment & Place confirmed that a great deal of work had been completed and would continue in respect to Waste collection. He also confirmed that a Waste collection framework was due for submission to the Meeting of Environment & Housing Committee on 14 November 2019, with a full plan being submitted in April 2020 to the same committee.

The Senior Manager – Environment & Place also addressed Members’ concerns that road maintenance was recorded within quartile 4 of the results and advised that a three year programme, which was on active consultation, would address the results of the LGBF report.

Following a lengthy discussion, the Committee agreed that future performance indicator reports for each committee would include the relevant LGBF indicators detailed at Paragraph 2.2 of the submitted report and they would be recorded on each Committee Rolling Action log.

## **Decision**

The Audit Committee agreed to:

1. note the tables listing the Local Government Benchmarking Framework (LGBF) indicators that fall within Quartiles 1 and 2 at section 2.1 and 2.2 of the submitted report.
2. note the performance of reported Local Government Benchmarking (LGBF) indicators for 2017-18 that fall within Quartiles 1 (i.e. ranked 1-8), which was included as Appendix 1 to the submitted report; and
3. note the performance of reported Local Government Benchmarking Framework (LGBF) indicators for 2017-18 that fall within Quartiles 4 (i.e. ranked 25-32), which was included as Appendix 1 to the submitted report.

(Reference: Report by Chief Operating Officer – Communities & Performance dated 22 October 2019, submitted)

## **AC161 RISK MANAGEMENT**

A report submitted by the Chief Officer – HR & OD detailed the Strategic Risk Register, which enabled the 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 17 risks all of which were currently being treated.

In response to a Member's question, the Chief Officer – Governance confirmed that training and awareness for SR11 "Information Security - We may fail to adequately protect information" was ongoing training due to the nature of data protection.

The Convener adjourned the Meeting at 10.55am.

The Meeting was reconvened at 11.05am with  
All Elected Members, previously noted, present.

The Senior Manager – Environment & Place responded to a Members' question that SR20 "Failure to suitably address the deterioration of the road network due to lack of long term investment in carriageways" would be updated to reflect that both the 3 year investment programme for the road networks and community engagement on the programme would be included within the risk.

He also agreed that SR20 would include the risk in respect to Utility repairs.

Following a lengthy discussion on SR19 "Health & Social Care Partnership – fails to deliver services within agreed budget, specification or timescale", the Audit Committee requested that the Adult Social Care Panel meet, due to time elapsed since the last Panel meeting, to discuss the concerns over the lack of Directions issued by the Integration Joint Board.

The Committee also requested that SR09 “The Council may fail to reduce its carbon emissions, adapt to climate change and act sustainably” would be required to be reviewed in light of a Motion adopted at the Meeting of Stirling Council on 3 October 2019 (Climate Change). Audit Committee stipulated that the Corporate Management Team should be present during consideration of the Risk Management report, to address any relevant questions.

### **Decision**

The Audit Committee agreed to:

1. note the risks within the Strategic Risk Register with specific attention to the scoring; and
2. note the strategic risks updates 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 & OD dated 8 October 2019, submitted)

## **AC162 INTERNAL AUDIT PROGRESS REPORT**

The Chief Officer – Governance submitted a report that presented the Audit Committee with an update on progress made against the Internal Audit Risk Assessment & Plan 2019/20 (including work brought forward from 2018/19 for completion) and detailed Internal Audit reports issued since the previous meeting of the Committee on 29 August 2019. Those reports were attached at Appendix 2 for consideration.

The report also provided an update on the next external quality assessment of Council’s Internal Audit function, which was due by 2023.

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) PECOS Easybuy**

The review considered the application of approved Council policy and operational processes for delivery of the range of services provided under the Council’s Purchase to Pay (P2P) Policy. The specific objectives of the review were to consider:

- the deliverables and outcomes anticipated from the Council-wide implementation of the ‘Easybuy’ system, as set out in the P2P Strategy published in 2016;
- progress made on the implementation of the system, and any significant gaps or shortfalls in expected progress;
- any challenges experienced by Strategic Commissioning & Customer Development team and Services in managing the transition to Easybuy (e.g. in user specification; training and support; communication; migration from legacy systems and processes and the use of Easybuy in practice);
- any key deliverables and outcomes still to be completed, and plans in place to enable the Strategic Commissioning & Customer Development team and Services to achieve these; and

- whether progress made the Council-wide implementation of the system, and its anticipated benefits, continue to be properly identified, monitored and reported.

Two Medium and two Low risk actions were identified.

The Audit Opinion was that substantial assurance could be given in relation to the implementation and roll-out of standardised 'Purchase to Pay' processes and the 'Easybuy' system as a key element of Council's arrangements for the management and control of the 'Purchase to Pay' cycle.

## **(b) Economic Strategy**

The scope of the review covered Council's arrangements in place in relation to the Council's Economic Strategy.

The specific objectives of the review were to consider whether:

- the Economic Strategy reflects the Council's priorities, and outcomes aligned with the achievement of the other supporting plans (specifically) the Stirling Tourism and Events Development 2018 – 2023 and the Stirling Rural Development Action Plan 2017-22;
- the strategy links to the Council's strategic risk register requirement for the Council to make adequate provisions for leaving the EU;
- the Council's arrangements for implementing the key elements of the Economic Strategy were adequate and effective; and
- the reporting arrangements for managing performance in relation to the strategy were adequate and effective.

Six Medium, one Low risk and three Advisory actions were identified.

The Audit Opinion was that substantial assurance could be given that the arrangements in relation to the Council's Economic Strategy were robust and were operating effectively.

## **Decision**

The Audit 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 submitted report;
2. note progress made on the Internal Audit Risk Assessment & Plan 2019/20, as set out in the Position Statement at Appendix 3 to the submitted report; and
3. note the updated information, at paragraphs 2.9 and 2.10, concerning the Council's participation in reciprocal arrangements for the external quality assessment of the Internal Audit functions, as approved in principle at the meeting of the Audit Committee on 30 August 2018.

(Reference: Report by Chief Officer – Governance dated 23 October 2019, submitted)

## **AC163 INTERNAL AUDIT – ACTION TRACKING UPDATE**

A report submitted by Chief Officer- Governance detailed the Internal Audit reports that 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 monitors and reports on the implementation of agreed actions across all audit reviews.

The report attached at Appendix 1 to the submitted report identified the progress made by services in implementing actions that had a target date of 30 September 2019 or earlier, based on responses received as at 8 October 2019.

The report attached at Appendix 2 to the submitted report listed all outstanding 'high priority' actions that, as at 8 October 2019, had not been completed in line with their original target dates.

## **Decision**

The Audit Committee agreed to:

1. note the Action Tracking report at Appendix 1 to the submitted report that highlighted that there were 34 Internal Audit reports with actions that were outstanding. There were no actions that were overdue in terms of their current target dates, based on information provided to Internal Audit as at 8 October 2019; and
2. note the report at Appendix 2 to the submitted report which provided details of the 15 '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 23 October 2019, submitted)

## **AC164 FRAUD & IRREGULARITIES REPORT**

The Chief Officer – Governance submitted a report that provided the Audit Committee with information on Counter Fraud activity and reports of theft, fraud and other financial irregularities in the year to 14 October 2019 with an analysis of progress to date on the current National Fraud Initiative (NFI) data matching exercise.

The National Fraud Initiative (NFI) in Scotland was a counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK. It used computerised techniques to compare information about individuals held by different public bodies and on different financial systems that might suggest the existence of fraud or error.

The Internal Audit Manager advised Committee that the one incident of Theft/Loss of Assets within Appendix 1 to the submitted report should have been aligned to Housing and not Infrastructure.

The Committee thanked the Internal Audit Manager and his team for their good work.

## **Decision**

The Audit Committee agreed to:

1. note the Irregularities report attached at Appendix 1 to the submitted report, and additional information in paragraph 2.1;

2. note the Counter Fraud Activity report attached at Appendix 2 to the submitted report, and additional information at paragraphs 2.2 and 2.3;
3. note progress on the review of data matches as part of the National Fraud Initiative 2018/19 at Appendix 3 to the submitted report and additional information at paragraphs 2.4 to 2.6; and
4. note the additional information, concerning other investigations at paragraph 2.7.

(Reference: Report by Chief Officer – Governance dated 23 October 2019, submitted)

## **AC165 CORPORATE ENQUIRIES AND COMPLAINTS UPDATE**

A report submitted by the Chief Operating Officer - Communities and Performance presented the latest performance on Elected Member, MP/MSP enquiries and complaints for the period April 2019 – September 2019.

The report provided volume information on performance and improvement actions implemented in relation to the processes for complaints and enquiries.

Following a Member's enquiry, the Corporate Complaints & Customer Feedback Manager confirmed the various levels of internal complaints and that after Stage 2, should the complainant wish to take further, it would be addressed to the Scottish Ombudsman.

The Corporate Complaints & Customer Feedback Manager also confirmed that the number of service operational enquiries/complaints received was monitored and would be forwarded to Members of the Audit Committee.

The Committee noted that for future reporting, the previous year's enquiries/complaint numbers would be included to show a comparison.

Following discussion on the process of responding to Community Council enquiries, the Members of Audit Committee agreed that further consultation with All Elected Members was required.

### **Decision**

The Audit Committee agreed to:

1. note the performance (Appendices 1 and 2 to the submitted report);
2. note the revised User Guidance document;
3. note the next report period of October 2019 – March 2020; and
4. note that an update report would be submitted to Audit Committee on 21 May 2020.

(Reference: Report by Chief Operating Officer – Communities and Performance dated 21 October 2019, submitted)

The Convener declared the Meeting closed at 12.30pm.