

STIRLING COUNCIL

**MINUTES of MEETING of the AUDIT COMMITTEE held in the COUNCIL CHAMBERS,
OLD VIEWFORTH, STIRLING on THURSDAY 23 JANUARY 2020 at 10am**

Present

Councillor Neil BENNY (Convener)

Councillor Martin EARL
Councillor Graham LAMBIE

Councillor Alasdair MAJURY
Councillor Alasdair TOLLEMACHE

In Attendance

Jim Boyle, Chief Officer – Finance
David Crighton, Roads & Land Operations Manager (Environment & Place)
Judy Edwards, Early Years and Early Intervention Manager (People)
Michael Grassom, Safer Reducing Offending Manager (People)
David Hopper, Public Transport & Sustainable Development (Infrastructure)
Kristine Johnson, Chief Officer – HR & OD
Drew Leslie, Senior Manager - Infrastructure
Mary Love, Committee Officer (Governance)
Steven McDermott, Senior Internal Auditor (Corporate Operations)
Isabel McKnight, Chief Operating Officer – Communities & Performance
Elaine McNicol, Project Management Office Team Leader (Communities & Performance)
Simon Payne, Category Manager (Interim) (Communities & Performance)
Scott Ross, Transformation Policy & Performance Manger (Communities & Performance)
Karen Swan, Committee Officer (Governance)
Dave Whyte, ICT Support Manager (Communities & Performance)
Julia McAfee, Chief Officer – Governance (Clerk)

Also Present

Ross Reid, Audit Scotland, External Auditor
Andrew Wallace, Audit Scotland, External Auditor

AC166 APOLOGIES AND SUBSTITUTIONS

Apologies were submitted on behalf of Councillor Alison Laurie. There were no substitutions.

AC167 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC168 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER

There were no items of urgent business.

AC169 MINUTES – AUDIT COMMITTEE – 31 OCTOBER 2020

Decision

The Audit Committee agreed to approve the Minutes of Meeting held on 31 October 2019 as an accurate record of proceedings.

AC170 ROLLING ACTION LOG

The Rolling Action Log was submitted for review. The Committee agreed that for future Rolling Action Logs, expected Completion and Actual Completion dates should be included.

Decision

The Audit Committee agreed to note the Rolling Action Log.

AC171 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.

Following discussion on SR19 – Health & Social Care Partnership – Inability to deliver agreed services due to lack of clear direction & overspend, the Chief Officer – Finance addressed Members concerns and advised that there had been ongoing dialogue with the Health & Social Care Partnership and that for budget purposes, a funding envelope/amount would be specified within Stirling Council budget.

In response to questions raised by Members on Community involvement in respect of “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 – Finance confirmed that the new budget simulator tool, which had been circulated for public response, had received over 400 replies.

The Chief Officer – Finance also advised that the Council’s budget saving options had been discussed at the Council’s Operational Governance Board and proposals/ideas for savings from Officers and the Big Conversation had been considered at the Stirling’s Future Board. He confirmed that once the Scottish Government had published their budget, a detailed budget briefing note would be circulated to All Members.

In response to the Convener's request, the Chief Operating Officer – Communities & Performance would clarify the number of responses that had arisen from the Big Conversation events.

The Committee Members also requested that the Corporate Management Team considers "Failure to engage with Citizens of the Stirling Council Constituency" as a risk on the Risk Register along with the Impact level of "SR02 Cyber Security – our assets may be the subject of Cyber Attack".

Following a request by Members, the Senior Manager – Environment & Place would consider whether to include a risk re. Utility Repairs at SR20 – Failure to suitably address the deterioration of the road network due to lack of long term investment in carriageways. The Roads & Land Operations Manager also confirmed that a Members Briefing which would cover Utility Repairs had been arranged for the 30 January 2020.

Decision

The Audit Committee agreed:

1. to note the risks, treatment actions and risk scoring detailed within the Strategic Risk Register at Appendix 1 to the submitted report; and
2. to note the updates to the strategic risks since the last committee, highlighted in paragraph 2.2 and status of service risk registers at paragraph 2.3 within the submitted report.

(Reference: Report by Chief Officer – HR & OD dated 10 January 2020, submitted)

AC172 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 and detailed Internal Audit reports issued since the previous meeting of the Committee on 31 October 2019.

Three 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 the review was to consider the operation of the Forth Valley & Lomond LEADER Programme for the accounting period from 16 October 2018 to 15 October 2019.

The specific objectives of the review were to:

- assess the extent of compliance with the Service Level Agreement during year to 15 October 2019;

- identify and review administrative costs submitted between 16 October 2018 and 15 October 2019, in order to assess compliance with service Level Agreement provisions and associated technical guidance; and,
- identify and review a sample of projects that were approved during the year to 15 October 2019, in order to assess the extent of compliance with relevant SLA provisions.

One low risk was identified.

The Audit Opinion was that comprehensive assurance 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 with the Scottish Government, during the year to 15 October 2019.

(b) Asset Management

The scope of the review was to consider the Council's asset management arrangements and their contribution to the achievement of Best Value. The audit review and testing work was guided by the 'Best Value Toolkit: Asset Management' published by Audit Scotland in July 2010.

The specific objectives of the review were to consider:

- how the Council plans to support the economic, efficient and effective use of its assets;
- whether the Council structure supports the delivery of effective asset management;
- whether, and how the Council works with internal and external stakeholders to manage its assets;
- how well the Council manages the performance of its assets; and
- whether progress in addressing legionella and asbestos risks was being effectively monitored and managed.

Fifteen Medium and five low risks were identified.

The Audit Opinion was that substantial assurance could be given that the Council's arrangements for asset management were robust and were contributing effectively to meeting the council's statutory duty to secure Best Value.

(c) ICT Systems Access Controls

The scope of the review was to perform an assessment of the arrangements for authorising, creating and managing user accounts and access privileges for a sample of corporate and/or Service-based ICT systems, in line with the requirements of the Council's Cyber Security and Information Security Strategies.

The scope of the review specifically excluded controls over security and user access to the Council's IT network. A separate external report covering those controls was received in July 2019. However, the context and findings of that review were referenced within the audit report, where appropriate, and for completeness.

The specific objectives of the review were to:

- select an appropriate sample of corporate and/or Service-based ICT systems for review;
- consider the requirements of the Cyber Security Strategy and Information Security Strategy in relation to the authorisation, creation and management of system user accounts and access privileges;
- consider the specific controls in place over the creation of user accounts and access privileges for administrators, super-users and users of systems, with a focus on and the appropriateness and effectiveness of those controls in supporting the security aims and objectives of the Strategies;
- identify a sample of user accounts and access privileges for a range of posts and consider whether these were appropriate for the posts' requirements; and
- consider whether system administrators, and systems users of all levels, were complying with requirements and good practice in their use of systems, and in terms of security of their systems access and log-in credentials.

Four High and seven medium risks were identified.

The Audit Opinion was that only limited assurance could be given that the Council had arrangements in place that were robust and were operating effectively for the authorisation, creation and management of user accounts and access privileges for the Council's corporate and Service-based ICT systems, in line with the requirements of the Council's Cyber Security Strategy and Information Security Strategy.

Following discussion, the Committee raised concerns and requested that Corporate Management Team reviews whether the ICT Systems Access Controls should be included on the Risk Register.

Following on from the concerns raised, the Committee agreed that a follow up report on the ICT Systems Access Controls review would be submitted to Audit Committee on 21 May 2020.

The ICT Support Manager also confirmed that a Members Briefing on the ICT Systems Controls/Systems Infrastructure would be arranged to show development since the review.

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;

2. to note progress made on the Internal Audit Risk Assessment & Plan 2019/20, as set out in the Position Statement at Appendix 3, and including planned reviews that were now expected to be deferred, as at paragraph 2.2 of the submitted report; and
3. that an update report on the ICT Systems Access Controls would be submitted to Audit Committee on 21 May 2020.

(Reference: Report by Chief Officer - Governance dated 15 January 2020, submitted)

AC173 PUBLIC INTEREST DISCLOSURE (WHISTLEBLOWING POLICY) ANNUAL REPORT

A report submitted by the Chief Officer – Governance detailed that the Council's current Whistleblowing Policy was approved in February 2018. The report provided the Audit Committee with a summary of Whistleblowing activity in the period to 31 December 2019, and met the requirement within the Policy for an annual report to be provided to the Audit Committee.

The report provided the Audit Committee with assurance that action had been taken to communicate the revised Whistleblowing Policy to staff and that the Policy had been implemented and complied with in instance of Whistleblowing.

It should be noted that the nature of Whistleblowing, in particular the legal requirement to protect those who had made disclosures under the Policy, was such that it was not considered appropriate to provide detail about any cases in the report that could lead to individuals being identified.

In response to a Members question, the Chief Officer – Governance confirmed that, following the Committee meeting, an annual reminder on Whistleblowing Policy training would be circulated to All Staff.

Decision

The Audit Committee agreed to note the contents of the Public Interest Disclosure (Whistleblowing Policy) Annual Report.

(Reference: Report by Chief Officer – Governance dated 15 January 2020, submitted)

AC174 CONTRACT AND SUPPLIER MANAGEMENT FRAMEWORK BI-ANNUAL REPORT

The Chief Operating Officer – Communities & Performance submitted a report on Stirling Councils Contract and Supplier Management Framework (CSM Framework) that set out a range of processes and guidelines that ensured that all of the Council's contracts were managed and monitored effectively and that sustainable outcomes were achieved and that best value was delivered.

The purpose of the report was to provide a bi-annual update on the progress that had been achieved in relation to the Council's contract and supplier management since the CSM Framework was introduced.

The adoption of the CSM Framework had improved and formalised the processes for managing supplier performance across the Council, and embedded these processes within the Council's procurement documentation.

The Committee noted that the Council had recently established a Local Supplier Forum that provided the opportunity for any existing or potential suppliers to discuss a range of topics related to Council procurement processes and forthcoming contracting opportunities. The Category Manager (Interim) confirmed that the first forum meeting had been very productive, noting that both local and national suppliers had been in attendance.

Decision

The Audit Committee agreed to note that the continued bi-annual reporting on the Council's CSM Framework would be brought back to the Audit Committee in October 2020.

(Reference: Report by Chief Operating Officer – Communities & Performance dated 16 January 2020, submitted)

AC175 BVAR IMPROVEMENT ACTION PLAN – PROGRESS UPDATE

A report submitted by the Chief Operating Officer – Communities & Performance provided a progress update on the improvement action plan developed to implement the recommendations presented in the Stirling Council Best Value Assurance Report (BVAR) prepared by Audit Scotland, April 2019.

Following a Members question, the Chief Officer - Governance confirmed that attendance for Members at Planning and Licensing training sessions was a mandatory requirement for those who sat on those Panels/Boards. Attendance at other Elected Members training was at the discretion of the Members.

Decision

The Audit Committee agreed:

1. to note the progress made towards the achievement of the actions detailed in the BVAR improvement action plan (Appendix 1 to the submitted report); and
2. to note that regular updates on the progress made towards achievement of the improvement actions would be provided to future meetings of the Audit Committee.

(Reference: Report by Chief Operating Officer – Communities & Performance dated 15 January 2020, submitted)

The Convener declared the Meeting closed at 12.00 noon.