

## **STIRLING COUNCIL**

**MINUTES of MEETING of the AUDIT COMMITTEE held via MICROSOFT TEAMS on THURSDAY 28 JANUARY 2021 at 10am**

### **Present**

Councillor Neil BENNY (Convener)

Councillor Martin EARL

Councillor Alison LAURIE

Councillor Bryan FLANNAGAN (Substitute)

Councillor Alasdair TOLLEMACHE

Councillor Graham LAMBIE

### **In Attendance**

Stephen Clark, Chief Officer – Housing

Jim Dickie, Team Leader - Resilience and Risk, HR&OD

Judy Edwards, Service Manager - Early Years & Early Intervention

Michael Grassom, Safer Reducing Offending Service Manager – Social Services

Linda Hill, Regulatory Service Manager - Environment & Place

Nick Hyde, Head of Procurement, Communities & Performance

Drew Leslie, Senior Manager - Infrastructure

Julia McAfee, Chief Officer - Governance (Clerk)

Bruce McClure, Senior Manager – Delivery of City Region Deal

Steven McDermott, Audit Service Manager (Acting)

Steven MacDonald, Economic Team Leader – Economic Development & Communities

Isabel McKnight, Chief Operating Officer - Communities & Performance

Sheila McLean, Governance Officer – Governance

Julia Mountford, Solicitor and Acting Data Protection Officer - Governance

George Murphy, Accounting Operations Manager – Finance

Stuart Oliver, Senior Manager – Economic Development & Communities

Simon Payne, Category Manager (Interim)

Bruce Reekie, Senior Manager - Environment & Place

Mary Love, Committee Officer - Governance (Minute)

### **Also Present**

Andrew Wallace, Audit Scotland, External Auditor

Adam Haahr, Audit Scotland, External Auditor

*Recording of Meeting started*

Prior to the commencement of business, Councillor Benny, as Convener of the Audit Committee, welcomed and thanked everyone for attending the meeting via MS Teams. A statement was read to the meeting, providing detail on the procedures related to MS Teams and the protocols that both Members and Officers should adhere to throughout the meeting.

The Convener asked the Clerk to carry out a roll call of all Members participating in the meeting.

#### **AC203 APOLOGIES AND SUBSTITUTIONS**

Apologies were received on behalf of Councillor Alastair Majury. Councillor Bryan Flannagan was in attendance as substitute for Councillor Majury.

#### **AC204 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **AC205 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER**

There were no items of urgent business.

#### **AC206 MINUTES – AUDIT COMMITTEE**

The Minutes of the Audit Committee held on 26 November 2020 were submitted for approval.

##### **Decision**

The Audit Committee agreed to approve the Minutes of Meeting held on 26 November 2020 as an accurate record of proceedings.

#### **AC207 ROLLING ACTION LOG**

The Rolling Action Log was submitted for review.

##### **Decision**

The Audit Committee agreed to note the Rolling Action Log.

#### **AC208 RISK MANAGEMENT – STRATEGIC RISK REGISTER**

A report by the Chief Officer – HR&OD summarised 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 Team Leader - Resilience and Risk introduced the report and responded to a number of questions.

It was noted that the Internal EU Exit Group reviewed the risks register every two weeks. The Service had uploaded relevant guidance information on to the Council's website to assist local businesses.

In response to a Member's question in relation to a Road Asset Management Plan for the forthcoming financial year, it was noted that a three year plan had been presented at the Environment & Housing Committee in September 2020 which included a 2020/21 plan and an indicative plan for the following two years, which would form the basis for the budget in the forthcoming year.

In depth discussion took place around the content of the risk register and the following actions were agreed:-

1. SR04 (SR15) Risk to funding grant provision for City Deal to be included.
2. SR14 Wording of risk descriptor to be reviewed.
3. SR09 Short-life Member/Officer working group to be reviewed to update risk regarding consultation process.
4. SR06 Consideration of adding a risk regarding Stirling Council's engagement with the community to be discussed with Risk Management Group.
5. Members Briefing to be arranged soon to update Members regarding scrutiny and accountability of EU exit actions and legislation.
6. Internal EU exit Group to be updated regarding risks relating to EU exit actions and legislation.
7. Update to be provided regarding working group status on consultation document.
8. Communications Plan to be shared with Members.

### **Decision**

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

(Reference: Report by Chief Officer – HR & OD dated 9 December 2020, submitted)

## **AC209 STIRLING COUNCIL CONTRACT AND SUPPLIER MANAGEMENT FRAMEWORK - ANNUAL REPORT**

A report by the Chief Operating Officer – Communities and Performance set out a range of processes and guidelines to ensure that all of the Council's contracts were managed and monitored effectively, that sustainable outcomes were achieved and that best value was delivered.

The purpose of the report was to provide an 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 Contract and Supplier Management (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 Category Manager (Interim) introduced the report and responded to a number of questions. In response to a particular question on Fairtrade representation, it was noted that a forthcoming supplier forum would have Fairtrade as a focus during one of its sessions.

Discussion took place around contracts and suppliers and it was agreed that future reports would include details of the increase in number of contracts and supplier engagement.

### **Decision**

Committee agreed to:

1. note the contents of the report; and
2. note that future reporting of the Stirling Council Contract and Supplier Management Framework Annual Report would be presented at Finance & Economy Committee.

(Reference: Report by Chief Operating Officer – Communities and Performance dated 14 December 2020, submitted)

## **AC210 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 Audit Committee on 26 November 2020.

The Audit Manager (Interim) introduced the report and responded to a number of questions.

### **Internal Audit Review: Forth Valley and Lomond LEADER (November 2020)**

The operation of the Forth Valley & Lomond LEADER Programme for the accounting period from 16 October 2019 to 15 October 2020 was reviewed.

The specific objectives of the review were to:

- assess the extent of compliance with the Service Level Agreement during year to 15 October 2020;
- identify and review administrative costs submitted between 16 October 2019 and 15 October 2020, in order to assess compliance with the 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 2020, in order to assess the extent of compliance with relevant SLA provisions.

One High and one Medium risk were identified.

The Audit opinion was that comprehensive assurance 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 2020.

Members conveyed their congratulations and thanks to the team for their work in producing an impressive audit.

### **Decision**

Committee agreed to:

1. consider the findings, risks, recommendations and statements of assurance set out in the Internal Audit reports at Appendix 2; 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.

(Reference: Report by Chief Officer – Governance dated 18 January 2021, submitted)

## **AC211 INTERNAL AUDIT RISK ASSESSMENT & PLAN 2020-21 – UPDATE**

A report by the Chief Officer – Governance provided the Audit Committee with information on the updated Internal Audit Plan 2020-21. It included details of the key factors that had impacted on Internal Audit resources and their allocation and the actions taken to address those issues. The report also provided an update on the current status and projections for the Internal Audit Plan 2020-21 and proposed revisions to the programme of internal audit reviews for the period up to May 2021. The revised Internal Audit Plan 2020-21 was appended for endorsement by the Audit Committee, as required under the Council's Scheme of Delegation. A report on this, in similar terms, was considered by the Corporate Management Team on 26 January 2021.

The Audit Manager (Interim) introduced the report and responded to a number of questions.

It was noted that with the appointment of the new Audit Manager from February 2021, the annual audit planning process and development of the draft Internal Audit Risk Assessment and Plan 2021-22 should take place in February and March this year and would be taken forward to the Audit Committee meeting in May 2021 for consideration.

Discussion took place around service and corporate reviews for homelessness and temporary accommodation and it was noted that a scheduled start date in February 2021 had been agreed with the Chief Officer- Housing for the homeless review to start and be taken forward with the intention of being submitted to Audit Committee in May 2021.

Members conveyed their thanks to the team for their involvement in the impressive work carried out.

## **Decision**

Committee agreed to:

1. note the factors that have impacted upon Internal Audit resources and the delivery to date of the Internal Audit Plan 2020-21, and actions taken to address those issues;
2. note the current projections for Internal Audit resources and for the completion of internal audit reviews within the revised Internal Audit Plan 2020-21;
3. endorse the revised Internal Audit Plan 2020-21 and revised programme of internal audit reviews for the period up to May 2021, as noted at Appendices 1(a)-(b); and
4. note the intention to bring forward the draft annual Internal Audit Risk Assessment and Plan 2021-22 to the Audit Committee meeting on 27 May 2021 for endorsement.

(Reference: Report by Chief Officer – Governance dated 18 January 2021, submitted)

## **AC212 INTERNAL AUDIT: EXTERNAL QUALITY ASSESSMENT**

A report by the Chief Officer – Governance provided an update on the arrangements for the 'external quality assessment' of the Council's internal audit arrangements, under the framework of reciprocal assessments overseen by the Scottish Local Authorities Chief Internal Auditors Group; and to ask the Audit Committee to reaffirm approval for the continued participation of the Council's Internal Audit team in those arrangements for the scheduled period to 2023.

The Committee originally received a report on 23 January 2014, proposing that the Council's Internal Audit team should participate in the arrangements under development at that time by the Scottish Local Authorities Chief Internal Auditors Group. The Committee provided agreement in principle for such participation.

The Audit Manager (Interim) introduced the report and responded to a number of questions.

The next scheduled External Quality Assessment Review of the Council's internal audit arrangements would take place in 2022 and would be undertaken by the Chief Internal Auditor of Inverclyde Council. The Council's Audit Manager would carry out the review of North Lanarkshire Council's arrangements in 2023.

## **Decision**

Committee agreed to:

1. note the information on the arrangements for the 'external quality assessment' of the Council's internal audit arrangements, under the framework overseen by the Scottish Local Authorities Chief Internal Auditors Group;
2. reaffirm its approval for the continued participation of the Council's Internal Audit team in the reciprocal 'external quality assessment' arrangements for the period to 2023;
3. note the continued participation of the Internal Audit team in these arrangements will promote compliance with statutory obligations and the requirements of the Public Sector Internal Audit Standards on 'externally validated self-assessments'; and

4. note the next 'external quality assessment' review of the Council's internal audit arrangements is scheduled for 2022, and the formal report from the external assessment will be brought to a future meeting of the Audit Committee for scrutiny.

(Reference: Report by Chief Officer – Governance dated 18 January 2021, submitted

## **AC213 REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 ANNUAL REPORT 2019**

A report by the Chief Officer – Governance provided detail on the operation of the Regulation of Investigatory Powers (Scotland) Act 2000 ("RIPSA" or the "Act") by Stirling Council (the "Council") during the period from 1 January 2019 to 31 December 2019. There was an annual requirement to report this detail to the Audit Committee, as well as the Investigatory Powers Commissioner's Office ("IPCO"). More specifically, this report would provide detail on the number of requests for authorisation of directed surveillance and the use of covert human intelligence sources.

The Solicitor and Acting Data Protection Officer introduced the report and Members conveyed their thanks for the work that had gone into producing the document.

### **Decision**

Committee agreed to note:

1. there were no authorisations for directed surveillance granted during the period from 1 January 2019 to 31 December 2019;
2. there were no active covert human intelligence sources in place as at 31 December 2019, with none recruited or used during the period from 1 January 2019 to 31 December 2019;
3. there were no breaches of the Council's Regulation of Investigatory Powers (Scotland) Act Policy identified during the period from 1 January 2019 to 31 December 2019;
4. that the Regulation of Investigatory Powers (Scotland) Act Policy v2 dated May 2016 has been revised to include references to the new updated Codes of Practices issued by the Scottish Ministers; and
5. that the Finance & Economy Committee agreed to adopt the Regulation of Investigatory Powers (Scotland) Act Policy v3 at the Finance & Economy Committee on 19 September 2019 (Appendix 1).

(Reference: Report by Chief Officer – Governance dated 14 December 2020, submitted)

The Convener declared the Meeting closed at 11.20am