

## **STIRLING COUNCIL**

**MINUTES of MEETING of the AUDIT COMMITTEE held via MICROSOFT TEAMS on THURSDAY 4 NOVEMBER 2021 at 10.00 am**

### **Present**

Councillor Martin EARL (Convener)

Councillor Neil Benny  
Councillor Graham HOUSTON  
Councillor Alison LAURIE

Councillor Alastair MAJURY  
Councillor Alasdair TOLLEMACHE

### **In Attendance**

Jim Boyle, Chief Officer – Finance  
Stephen Clark, Chief Officer - Housing  
Jim Dickie, Team Leader - Resilience and Risk  
Drew Leslie, Senior Manager – Infrastructure  
Bruce McClure, Senior Manager – Delivery of City Region Deal  
Isabel McKnight, Chief Operating Officer – Communities & Performance  
Ewan McTaggart, Senior Analyst  
Bryony Monaghan, Interim Head of Education - Schools, Learning & Education  
George Murphy, Accounting Operations Manager – Finance  
Fiona Norrie, Senior HR Business Partner  
Gordon O'Connor, Audit Service Manager  
Bruce Reekie, Senior Manager - Environment & Place  
Keir Stevenson, Place Development Manager  
Marie Valente, Senior Manager (Chief Social Work Officer)  
Julia McAfee, Chief Officer - Governance (Clerk)  
Sheila McLean, Governance Officer – Governance (Minutes)

### **Also Present**

John Cornett, Audit Scotland, External Auditor  
Adam Haahr, Audit Scotland, External Auditor  
Andrew Wallace, Audit Scotland, External Auditor

### *Recording of Meeting started*

Prior to commencement of business, the Convener welcomed and thanked everyone for attending the meeting via MS Teams. He updated the meeting on the procedures related to MS Teams and the protocols that both Members and Officers should adhere to throughout the meeting.

It was advised that the meeting was being broadcast live via the Stirling Council YouTube page and that a recording of the meeting would also be made publicly available on the Council's YouTube page following the meeting.

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

#### **AC238 APOLOGIES AND SUBSTITUTIONS**

There were no apologies or substitutions.

#### **AC239 DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **AC240 URGENT BUSINESS BROUGHT FORWARD BY THE CONVENER**

There were no items of urgent business.

#### **AC241 MINUTES OF MEETING – 2 SEPTEMBER 2021**

The Minutes of Meeting of the Audit Committee held on 2 September 2021 were submitted for approval.

##### **Decision**

The Committee agreed to approve the Minutes of Meeting held on 2 September 2021 as an accurate record of proceedings.

#### **AC242 ROLLING ACTION LOG**

The Rolling Action Log was presented for review.

##### **Decision**

The Committee agreed to note the Action Log and updates from Officers.

(Reference – Rolling Action Log, submitted).

#### **AC243 RISK MANAGEMENT – STRATEGIC RISK REGISTER**

A report by the Chief Officer - Finance 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 report included a progress update on risks since the last meeting of the Committee and highlighted a number of substantive risks.

Members were advised that the Corporate Management Team had agreed to undertake a focused strategic risk workshop twice a year, providing colleagues with dedicated time to scan, discuss and analyse strategic risks.

Members noted new risks which had been added in response to recent concerns or events.

Discussion took place on Risk SR31 which considered the risk of being unable to find suitable workers in the current work climate. Members expressed particular concern over the impact on social care and, following clarification on the current position by officers, it was agreed that a briefing note be issued to Members providing an update on the position. Officers were asked to explore the creation of a separate risk to cover this area.

Officers responded to questions on a number of risks and undertook to provide further information where requested.

### **Decision**

The 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 - Finance dated 25 October 2021, submitted).

## **AC244 INTERNAL AUDIT UPDATE REPORT**

A report by the Audit Service Manager provided a summary of the findings arising from Internal Audit assignments finalised since the last meeting of the Audit Committee on 2 September 2021.

### **(a) Homelessness and Temporary Accommodation**

A review was undertaken to evaluate and report on the systems and controls in place for the administration of homelessness applications to ensure these were properly administered in terms of relevant legislation and on eligibility and need.

Four medium and two low risks had been identified.

The Audit Opinion was that substantial assurance could be given that arrangements for the administration of homelessness applications were carried out in accordance with procedures, Council policy, relevant guidelines and legislation and in a timely manner. There was appropriate evidence to support the checks carried out on eligibility to enable the Housing Options Officer to make a determination of need.

The Chief Officer - Housing responded to a number of questions from Members.

Members noted the summary report and agreed actions.

### **(b) Local Code of Corporate Governance**

A review was undertaken of the Council's corporate governance arrangements and controls as set out in the Local Code of Corporate Governance approved by Council on 15 March 2018.

One high risk had been identified.

The Audit Opinion was that substantial assurance could be given that key governance arrangements and controls, as set out in the Local Code of Corporate Governance, existed and were applied in practice across the Council.

Assurance was also given that, during the year, a number of strategies, plans, policies and procedures were reviewed and revised and that these reflected the impact of the Covid-19 pandemic on the Council's operational, financial and governance arrangements, where necessary..

The Chief Officer - Governance responded to a number of questions from Members.

Members noted the summary report and agreed actions.

**(c) Payroll – Transactional Testing**

A review was undertaken of the controls over certain payroll-related processes. Those processes were subject to a framework of financial controls set out in the Council's Financial Regulations.

One medium and one low risk had been identified.

The Audit Opinion was that substantial assurance could be given that the controls established over the range of payroll-related activities and processes reviewed were operating effectively

The Chief Officer – Finance responded to a number of questions from Members.

Members noted the summary report and agreed actions.

**(d) Creditors – Duplicate Payments**

A review was undertaken to test payments made by the Council to suppliers of goods, works and services to identify any duplicate amounts that had been paid.

Two medium risks had been identified.

The Audit Opinion was that substantial assurance could be given in relation to the adequacy of arrangements for preventing and detecting duplicate invoice payments.

The Chief Officer – Finance responded to a number of questions from Members.

Members noted the summary report and agreed actions.

**Decision**

The Committee agreed to take assurance from the findings and conclusions arising from Internal Audit assignments completed since 2 September 2021.

(Reference - Report by Audit Service Manager dated 26 October 2021, submitted).

Councillor Earl left the meeting briefly during consideration of the above item. Councillor Benny took the Chair until the Convener returned at 10.57 am.

#### **AC245 CORPORATE FRAUD UPDATE**

The Corporate Fraud Plan 2021/22 had been presented to the Audit Committee on 27 May 2021. A report by the Audit Service Manager presented an update on work undertaken to progress planned actions since the last meeting of the Committee on 2 September 2021.

Members welcomed the report and the work that had been undertaken.

##### **Decision**

The Committee agreed to take assurance from the work undertaken to progress the actions set out in the Corporate Fraud Plan 2021/22.

(Reference - Report by Audit Service Manager dated 11 October 2021, submitted).

#### **AC246 INTERNAL AUDIT CHARTER**

A report by the Audit Service Manager sought the Audit Committee's approval of an Internal Audit Charter which set out the role, authority and responsibility of the Council's Internal Audit Team. The draft Charter was attached as an appendix to the report.

##### **Decision**

The Committee agreed to note and approve the Internal Audit Charter attached at Appendix 1 to the submitted report.

(Reference - Report by Audit Service Manager dated 11 October 2021, submitted).

#### **AC247 AUDIT COMMITTEE ANNUAL REPORT 2020/21**

A report by the Audit Service Manager presented the Audit Committee Annual Report 2020-21 ('the Annual Report'). Preparation of an Annual Report enabled the Audit Committee to meet the best practice guidance issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) in its publication titled 'Audit Committees: Practical Guidance for Local Authorities and Police'.

Best practice required the Audit Committee to report on its work, at least annually, to the Council (as 'those charged with governance') and to demonstrate the performance and discharge of its remit and functions, as set out in the Council's Scheme of Delegation.

Officers undertook to amend the wording of information around membership of the Committee to reflect the historic and current position.

Members welcomed the concise format of the Report.

## **Decision**

The Committee agreed:-

1. to note the Audit Committee Annual Report 2020-21 at Appendix 1 to the submitted report;
2. to approve the submission of the Annual Report to the meeting of the Council on 9 December 2021.

(Reference - Report by Audit Service Manager dated 11 October 2021, submitted).

## **AC248 SCOTTISH GOVERNMENT COVID-19 GRANT FUNDED SUPPORT SCHEMES TO BUSINESSES AND INDIVIDUALS**

A report by the Chief Officer – Finance provided details of the various grant funded support schemes, administered by Stirling Council on behalf of the Scottish Government, to help support businesses and individuals with the impact of the Covid-19 pandemic.

Between March 2020 and September 2021 inclusive, the Council had made 16,262 payments to businesses and individuals to the value of almost £57M.

Administration and delivery of the various schemes had been supported by the Council's Economic Development & Communities, Finance, Internal Audit and Corporate Fraud and Legal teams, in compliance with guidance provided by the Scottish Government.

All prescribed requirements in relation to the accounting treatment and reporting of these grant payments were currently subject to external audit scrutiny as part of the 2020/21 Stirling Council audit arrangements. The External Auditor further confirmed that value for money would be reviewed as part of regular auditing processes.

In response to questions, officers confirmed that the criteria for the Discretionary Fund had been agreed by the Finance & Economy Committee on 19 January 2021.

Members noted the potential to learn from the effectiveness of the rapid speed at which this process had been rolled out and recorded thanks to officers involved.

## **Decision**

The Committee agreed:-

1. to note the various grant funded support schemes, administered by Stirling Council on behalf of the Scottish Government, to help support businesses and individuals with the impact of the Covid-19 pandemic;
2. to note the financial control measures put in place to support governance arrangements across the various schemes;
3. to take assurance from the work undertaken and to record thanks to officers involved in administering the Scheme.

(Reference - Report by Chief Officer – Finance dated 25 October 2021, submitted).

## **AC249 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.

Reserves played an important role in good financial management of Councils and might be used to invest in a major project, transform services or respond to unexpected events. The impact of Covid-19 undoubtedly fell into the unexpected events category.

During 2020/21, earmarked reserves moved from £19M to £33.1M, representing an increase of £14.1M. By far, the largest element of the overall increase in earmarked reserves was attributable to additional Covid-19 monies from the Scottish Government. The significant movements in earmarked reserves were set out in the report.

Members considered that further detail was required on each Reserve and requested that supplementary information be brought back to the Committee.

### **Decision**

The Committee agreed:-

1. to note the individual balances held within the Council's earmarked reserves;
2. that officers bring back a report setting out supplementary information on each Reserve, to either the next scheduled, or a special, meeting of the Audit Committee.

(Reference - Report by Chief Officer – Finance dated 25 October 2021, submitted).

## **AC250 ANNUAL REPORT TO THOSE CHARGED WITH GOVERNANCE AND THE CONTROLLER OF AUDIT FOR FINANCIAL YEAR ENDED 31 MARCH 2021**

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.

John Cornett, External Auditor, presented the Annual Report and detailed key messages in relation to the annual accounts, financial management and sustainability, governance and transparency, and best value.

In response to questions, he confirmed the difference between audit timelines for the Council and for the Health & Social Care Partnership.

Officers undertook to clarify information presented in respect of Senior Councillor remuneration.

The External Auditor recorded thanks to the Chief Officer – Finance and his team for their assistance in producing the accounts. The comments were echoed by Members of the Committee.

## **Decision**

The Committee agreed:-

1. to note the content of the Independent Auditor's Report;
2. to approve the content of the ISA 580 Letter of Representation;
3. to note the significant audit findings within the proposed Annual Audit Report;
4. to 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 25 October 2021, submitted).

### **AC251 STIRLING COUNCIL AUDITED ACCOUNTS 2020/21**

A report by the Chief Officer – Finance outlined the key features of the financial position displayed in the 2020/21 audited accounts, incorporating a brief overview of the General Fund and Housing Revenue Accounts (HRA) revenue and capital outturn positions as at 31 March 2021. Members of the Audit Committee were invited to consider the Auditor's Final Report on the Accounts which was the subject of a separate report on the Audit Committee agenda (Minute Item AC250 refers), and to approve for signature the audited Stirling Council Accounts for the year ended 31 March 2021.

## **Decision**

The Committee agreed:-

1. to note the Auditor's Final Report on the Accounts which was the subject of a separate report on the Audit Committee agenda;
2. to approve for signature the audited Stirling Council Accounts for the year ended 31 March 2021 attached as Appendix 1 to the submitted report.

(Reference - Report by Chief Officer – Finance dated 25 October 2021, submitted).

### **AC252 CHARITABLE TRUSTS ADMINISTERED BY STIRLING COUNCIL - REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2020/21 AUDIT**

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.

Adam Haar, External Auditor, presented a report on charitable trusts administered by the Council.

### **Decision**

The Committee agreed:-

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

(Reference - Report by Chief Officer – Finance dated 25 October 2021, submitted).

### **AC253 COMMON GOOD FUNDS & CHARITABLE TRUSTS AUDITED ACCOUNTS 2020/21**

A report by the Chief Officer – Finance invited 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 (Minute Item AC252 refers), and to approve for signature the audited Common Good Funds and Charitable Trusts Accounts for the year ended 31 March 2021.

### **Decision**

The Committee agreed:-

1. to 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;
2. to approve for signature the audited Common Good Funds and Charitable Trusts Accounts for the year ended 31 March 2021 . attached at Appendices 1, 2 and 3 of the submitted report.

(Reference - Report by Chief Officer – Finance dated 25 October 2021, submitted).

### **AC254 ACCOUNTS COMMISSION REPORT**

Presentation of Accounts Commission national reports enabled the Committee to discharge its remit under the Council's Scheme of Delegation to consider the reports of external audit and inspection agencies.

A report by the Audit Service Manager provided the Audit Committee with information on the Accounts Commission's national report: '[Local Government in Scotland Overview 2021](#)'. The report considered the response of councils to the Covid-19 pandemic from March 2020 onwards.

Officers responded to a number of questions from Members and provided an update on the Council's Member Officer Working Group looking at post-Covid recovery.

**Decision**

The Committee agreed to note the Accounts Commission's national report: 'Local Government in Scotland Overview 2021'.

(Reference - Report by Audit Service Manager dated 11 October 2021, submitted).

The Convener declared the Meeting closed at 12.20 pm