

AUDIT AND RISK COMMITTEE

Minute of Meeting of the Audit and Risk Committee held hybrid on Monday 26 June 2023 at 1.00pm.

Present: Councillors D Illingworth, L Barrett, A Chan, K Harvey, I MacPherson, C Stewart, and G Stewart.

In Attendance: L Simpson, J Clark, S MacKenzie, S Walker, A O'Brien, K Molley, M Pasternak, and R Ramsay (all Corporate and Democratic Services); F Crofts and A Seggie (Communities); and C Palmer (Education and Children's Services)

Councillor D Illingworth, Convener, Presiding.

1. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting.

2. DECLARATIONS OF INTEREST

There were no declarations of interest made in terms of the Councillors' Code of Conduct.

3. MINUTE OF MEETING OF THE AUDIT AND RISK COMMITTEE OF 27 MARCH 2023 FOR APPROVAL

The minute of meeting of the Audit and Risk Committee of 27 March 2023 was submitted and approved as a correct record.

4. DRAFT UNAUDITED 2022/23 ANNUAL ACCOUNTS

There was submitted a report by Head of Finance (23/196) presenting the Council's draft Unaudited 2022/23 Annual Accounts in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

In response to a question from Councillor G Stewart regarding the reserve position, S MacKenzie advised that there had been further underspending against the forecast position, that led to the increase of uncommitted reserves.

In response to a question from Councillor C Stewart regarding Charitable Trusts, S Walker confirmed that most of the work on the reorganisation of the Charitable Trusts had been carried out.

In response to a question from Councillor G Stewart regarding the pension triannual review and PKC contributions, S Walker advised that the next evaluation would be based on the Pension Fund of 31 March 2023, and it would be expected to receive the outcome by the end of 2023/early 2024 which would then feed into the budget process.

Members thanked the Finance Team for their preparation and maintenance of the accounting records.

Resolved:

- (i) The Head of Finance be authorised to sign the Unaudited 2022/23 Annual Accounts.
- (ii) It be noted that the unsigned Audited 2022/23 Annual Accounts will be considered by the Audit & Risk Committee on 30 October 2023.

THE VICE-CONVENER LED DISCUSSION ON THE FOLLOWING ITEMS.

5. INTERNAL AUDIT FOLLOW UP

There was submitted a report by Chief Internal Auditor (23/197) presenting a current summary of Internal Audit's 'follow up' work relating to actions due for completion up to May 2023.

Resolved:

The current position in respect of the agreed actions arising from Internal Audit's work, be noted.

6. INTERNAL AUDIT UPDATE

There was submitted a report by Chief Internal Auditor (23/198) presents a summary of Internal Audit's work undertaken as part of the Internal Audit Plans for 2021/22 and 2022/23.

In response to a question from Councillor C Stewart regarding audits undertaken on Mosiac and Transformation Reviews, J Clark advised that even though actions are completed, a detailed report would not be required for consultancy audits.

Resolved:

The progress with Internal Audit activity, be noted.

7. COMMUNITIES

7(i) A21-05 TAY CITIES REGIONAL DEAL

There was a report submitted (23/199) detailing an audit that had been undertaken of Tay Cities Region Deal which was included in the Internal Audit Plan for 2021/2022, which was approved by the Audit Committee on 30 June 2021.

Resolved:

The contents of Report 22/199, be noted.

8. INTERNAL AUDIT ANNUAL REPORT & INTERNAL AUDIT OPINION 2022/23

There was submitted a report by Chief Internal Auditor (23/201) presenting the year-end report and audit opinion of the Chief Internal Auditor for 2022/23, as set out in Section 12.

In response to a question from Councillor L Barrett regarding an external review of compliance, J Clark confirmed that towards the end of 2023 there would be another external validated assessment undertaken.

Members thanked Internal Audit for their ongoing work.

Resolved:

The contents of Report 23/201 and specifically the Audit Opinion, at Section 12, which states that reasonable reliance can be placed on the systems of governance, risk, and internal control for 2022/23, be noted.

THE CONVENER LED DISCUSSION ON THE FOLLOWING ITEM.

9. ANNUAL REPORT - STRATEGIC RISK MANAGEMENT

There was submitted a report by Head of Legal and Governance Services (23/202) (1) providing assurance that the Council's Risk Management Framework is adequate and effective; (2) and advising the Committee of the current key strategic risks facing the organisation and how these risks are being mitigated and managed.

In response to a question from Councillor L Barrett regarding Service Risk Registers, L Simpson advised that high-level risks at an operational level would be reported through the correct processes. L Simpson confirmed that through the new integrated system it would be possible to report on performance and risks in relation to service areas going forward.

In response to another question from Councillor L Barrett regarding the risk of Climate Change with the control environment highlighted as mostly adequate, L Simpson advised that even though a lot of positive work continues to be undertaken in tackling the issue of Climate Change, scores are high due to the nature of the problem and the Council's limited control over the issue.

In response to a question from Councillor C Stewart regarding PK Performs, L Simpson advised that the Heatmap had been generated through PK Performs to test the format of reporting. L Simpson confirmed that Risk Practitioners had undergone training on the risk module of PK Performs and that the module would be rolled out across the organisation once more employees had undergone training. L Simpson advised that the strategic planning module would be developed to allow performance and risks to be linked to the Council's strategic priorities and the various plans that the Council are working to.

In response to a question from the Convener regarding the benefit of using PK Performs, L Simpson advised that the benefit of using an integrated risk and performance system would allow for more meaningful reporting. It would also provide better business intelligence and would save time and efficiency not having to manually input data across different systems.

In response to a question from Councillor C Stewart, L Simpson advised that if there would happen to be a significant shift in the risk profile, then the register would be reported back to the Audit and Risk Committee. L Simpson added that the new integrated system would enable officers to identify a trend in risks that emerge.

Councillor C Stewart suggested a demonstration of PK Performs be provided to members of the Audit and Risk Committee.

Members thanked L Simpson and her teams for their work in developing PK Performs.

Resolved:

- (i) The contents of Report 23/202 and constructive challenge and comment, be considered.
- (ii) The current key strategic risks which have been identified through the application of the approved risk management process, be noted.
- (iii) The assurance as to adequacy and effectiveness of the risk management framework, be accepted.