

AUDIT AND RISK COMMITTEE

Minute of Meeting of the Audit and Risk Committee held hybrid on Tuesday 28 June 2022 at 10.00am.

Present: Councillors D Illingworth, H Anderson (substituting for Councillor A Chan), D Cuthbert (substituting for Councillor C Stewart), A Forbes (Substituting for B Brawn), K Harvey, N Khogali, I MacPherson, C McLaren (substituting for Councillor L Barrett), S McCole and G Stewart.

In Attendance: L Simpson, L Brady, J Clark, S MacKenzie, N Sutherland, A O'Brien, S Walker, K Molley, A Brown, and M Pasternak, (all Corporate and Democratic Services); F Crofts and S D'All (Communities); and J Cockburn (Education and Children's Services).

Apologies: Councillors L Barrett, Brawn, C Stewart, and Chan

Councillor D Illingworth, Convener, Presiding.

1. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting and apologies were noted as above.

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 COMMITTEE OF 28 MARCH 2022 FOR APPROVAL

The minute of meeting of the Audit Committee of 28 March 2022 was submitted and approved as a correct record.

4. INTERNAL AUDIT FOLLOW UP

There was submitted a report by the External Auditor, KPMG (22/151) presenting a current summary of Internal Audit's 'follow up' work relating to actions due for completion up to May 2022.

In response to a question from Councillor S McCole regarding procurement contracts and if training is in place to provide confidence for those who have not previously had permission to sign contracts, L Simpson advised various members across the organisation have the authority to sign contracts and Legal and Governance Services provide advice on contracts that involve a significant value.

Councillor S McCole suggested providing members with background information on future Audit follow up activity. L Simpson advised that as part of development and training over the next year, members would be provided with information on contract management, processes, and reporting of contracts.

Resolved:

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

5. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (22/152) presenting a summary of Internal Audit's work undertaken as part of the Internal Audit Plans for 2020/21 and 2021/22.

In response to a question from Councillor D Cuthbert regarding the issue of staffing resources, J Clark advised that an internal audit trainee has been appointed, who will undergo professional qualifications throughout a four-year programme. For future posts, jobs may be posted on other forums to attract more applicants, instead of only using myjobscotland

Resolved:

- (i) The outcome from consultancy activity, be noted.
- (ii) The progress with internal audit activity, be noted.

(i) CORPORATE AND DEMOCRATIC SERVICES

(i)(a) A21-03 Welfare Rights

There was submitted a report by the Chief Internal Auditor (22/154) presenting an audit on Welfare Rights which was undertaken as part of the Internal Audit Plan for 2021/2022, which was approved by the Audit Committee on 30 June 2021.

In response to a question from Councillor N Khogali, L Brady advised that grants could have been analysed in a transactional manner, but the Welfare Rights Team decided to look at cases on several occasions to maximise entitlement and opportunity for customers.

Members thanked the Internal Audit and Welfare Rights Teams for their work in providing substantial assurance around processes.

Resolved:

The contents of Report 22/153, be noted.

(ii) EDUCATION AND CHILDREN'S SERVICES

(ii)(a) A21-01 Child Protections

There was submitted a report by the Chief Internal Auditor (22/153) presenting an audit on Child Protection which was undertaken as part of the Internal Audit Plan for 2021/22, which was approved by the Audit Committee on 30 June 2021.

Members thanked Child Protection for their work and commended the service for their openness and transparency throughout the audit process.

Resolved:

The contents of Report 22/154, be noted.

6. INTERNAL AUDIT ANNUAL REPORT AND INTERNAL AUDIT OPINION 2021/22

There was submitted a report by the Chief Internal Auditor (22/156) presenting the year-end report and audit opinion of the Chief internal Auditor for 2021/22, as set out in Section 12 of the report.

J Clark advised that there was a slight amendment to section 11.6 of the report:

- The charity referenced 'Public Concern at Work' had changed name to 'Protect'.

Members thanked J Clark and her team for their excellent report and work over the last 12 months.

Resolved:

The contents of Report 22/156 and specially the Audit Opinion, at Section 12 of report 22/156, which states that reasonable reliance can be placed on the systems of governance, risk and internal control for 2021/22, be noted.

7. ANNUAL REPORT – STRATEGIC RISK MANAGEMENT

There was submitted a report by the Chief Internal Auditor (22/158) providing assurance that the Council's Risk Management Framework is adequate and effective and to advise the Audit 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 Bailie McLaren regarding risk SR07 and when were civil contingency plans last tested, L Simpson advised that civil contingency plans are tested on a regular basis and are constantly being tweaked and refined as different circumstances arise. With the new ways of working and the reliance on technology, officers are also developing cyber contingency plans.

In response to a question Councillor K Harvey regarding the regularity of business risk assessments, L Simpson advised that risk is a standard item on management team agendas. Throughout the year, risk practitioners meet regularly to discuss performance and planning. There continues to be ongoing communication between the Head of Legal and Governance Services and the Policy and Governance Group to ensure that processes are constantly being updated and refreshed. There has been success in tying risk management and performance together to identify areas of continuous improvement.

In response to a question from D Cuthbert regarding the risks associated with working from home and if a SWOT analysis had been undertaken, L Simpson advised that analysis had been undertaken through workshopping to identify areas of risk. The issue of mental health had also been covered by organisational development and workforce planning.

Councillor S McCole highlighted suggested changes to the Strategic Risk Register. At risk SR09, she asked for the Joint Consultative Committee and the Joint Negotiating Committee for Teaching Staff to be included in the key controls. Also, at risk SR11, she asked for the name of the Health and Safety Joint Consultative Committee to be updated to the newly merged Joint Consultative Committee under the key controls. L Simpson advised that these areas would be updated before the Strategic Risk Register would be published.

In response to a question from Councillor D Illingworth regarding the change in risks over the last year, L Simpson advised that high-level risks have been static, but financial risks have increased in score due to the increase in demand for different services, the cost-of-living crisis, and the need for Council support within a finite budget. Climate change and cyber reliance have also become priorities.

In response to a question from Councillor S McCole regarding the colour coding of green risks, L Simpson advised that green risks will not appear on the Strategic Risk Register because these risks are being managed and monitored. If a risk were to then escalate, it may then appear on the Strategic Risk Register. She added that the types of risks that appear on the Strategic Risk Register are those risks that have a wider impact on the organisation, another service, or require another body to help mitigate and manage the risk.

Resolved:

The current key strategic risks which have been identified through the application of the approved risk management process, be noted.

8. UNAUDITED DRAFT ANNUAL ACCOUNTS 2021/22

There was submitted a report by the Head of Finance (22/157) presenting the Council's draft Unaudited Annual Accounts for the financial year 2021/22 in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

In response to a query from Councillor S McCole regarding cash equivalents, A O'Brien advised that these cover petty cash, current accounts and short term deposits.

Members thanked the Finance Team for their work in producing the accounts.

Resolved:

- (i) It be authorised for the Head of Finance to sign the Unaudited Annual Accounts.
- (ii) It be noted that the unsigned Audited Annual Accounts will be considered by the Audit and Risk Committee on 26 September 2022.