

**West Dunbartonshire Council**  
**Audit Committee**  
**Annual Report 2018/19 from the Chair**

**Introduction**

This annual report has been prepared to inform West Dunbartonshire Council of the work carried out by the Council's Audit Committee during the financial year 2018/19. This is in recognition of the CIPFA publication *"Audit Committees: Practical Guidance for Local Authorities and Police" (2018 Edition)*. This included an action to introduce an annual report on the Audit Committee to account for its performance and explain its work in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

**Meetings**

The Audit Committee has met four times during the financial year comprising meetings on 13 June 2018, 26 September 2018, 12 December 2018 and 21 March 2019 to consider reports relevant to the Audit cycle and other matters as deemed appropriate. Pre-Agenda meetings were also held ahead of Committee involving the Chair and appropriate officers.

The purpose and remit of Audit Committee as detailed in the Council's Standing Orders is to:

- Monitor, and make recommendations on the development of, the Audit, activity of the Council; and
- Scrutinise the monitoring and review activity of the thematic and regulatory committees.

To fulfil this remit, the Audit Committee sought assurance on the adequacy and effectiveness of the Council's systems of corporate governance and internal control for efficient operations and for the highest standards of probity and accountability. This was achieved through reports received from internal audit, other Council functions and external audit with focus in particular on internal control and governance.

The Audit Committee approved a revised version of the Internal Audit Charter which is the terms of reference for Internal Audit and the Annual Audit Plan for 2018/19. At each meeting it considered Internal Audit's action plans from recently issued reports, together with monitoring progress on the completion of previously issued reports. It also considered the annual plan and reports from Audit Scotland, the Council's External Auditors, including the Annual Report to Members and the Controller of Audit on the annual audit of the Council for 2017/18 and monitoring the implementation of agreed actions arising. In addition, a number of national reports prepared by Audit Scotland on behalf of the Accounts Commission were also considered.

The Audit Committee also received reports on:

- Treasury Management;
- Scottish Public Services Ombudsman (SPSO) report on complaints handling by West Dunbartonshire Council for the year 1 April 2017 – 31 March 2018;
- Capital Post Project Reviews; and
- Creating of Non Domestic Rates Member / Officer Working Group

The minutes of Audit Committee meetings have previously been remitted to Council for approval but this is being changed so that the minutes of the previous Audit Committee are first confirmed as a correct record at the next Audit Committee before being remitted to Council for approval.

#### Membership of the Audit Committee

In accordance with West Dunbartonshire Council's Standing Orders membership of the Audit Committee comprises 8 Elected Members and 2 Lay Members with Lay Members not being members of any political party. The quorum of the Audit Committee is 3 Elected Members.

The Chair of the Audit Committee is from the Opposition (as is the Vice Chair). The committee has two Lay Members, with there being a vacancy during the first half of the year. The Administration has a minority of members on the Audit Committee.

Attendance by members of the Committee at Audit Committee meetings in 2018/19 was:

<u>Member</u>	<u>Date of Meeting</u>			
	<u>13/06/18</u>	<u>26/09/18</u>	<u>12/12/18</u>	<u>20/03/19</u>
Cllr John Mooney (Chair)	Present	Present	Present	Apologies
Cllr Jim Brown	Present	Present	Present	Present
Cllr Karen Conaghan	Apologies	Present	Present	Present
Cllr Daniel Lennie	Present	Apologies	Apologies	Apologies
Cllr Jonathan McColl	Present	Present	Apologies	Present
Cllr John Millar	Present	Apologies	Absent	Apologies
Cllr Martin Rooney	Present	Present	Present	Present (Chair at this meeting)
Cllr Brian Walker	Present	Apologies	Apologies	Present
Lay Member Eilidh McKerry	Apologies	Present	Apologies	Present
Lay Member Chris Johnstone (from 12/12/18)	n/a	n/a	Present	Apologies

Every meeting of the Audit Committee during 2018/19 was quorate.

#### Attendance by Officers

The Chief Executive attended three meetings. The Strategic Director – Transformation & Public Service Reform (T&PSR), the Strategic Lead – Resources and the Audit Manager attended all four meetings.

Other senior officers also attended meetings as appropriate for items on the Agenda for which their presence was relevant. Representatives from the Council's external auditors - Audit Scotland - were present at every meeting.

#### Skills and Knowledge

Members of the committee were consulted at the 12 December 2018 meeting in relation to skills and knowledge with no particular issues being identified.

#### Self-Assessment of the Audit Committee

The self-assessment as reported to the Audit Committee indicated in overall terms that the Audit Committee demonstrates a good level of compliance with expected good practice and it is largely effective in discharging its roles and responsibilities. Areas of good practice include:

- Elected Members and Offices are considered to have good awareness of the role and purpose of the Audit Committee;
- The Chair of the Audit Committee is from the Opposition (as is Vice Chair);
- The Committee has Lay Members;
- The Administration has a minority of members on the Audit Committee;
- The Audit Committee has good working relations with External Audit, Internal Audit, the Chief Executive, Strategic Director – T&PSR and the Strategic Lead – Resources; and
- The Audit Committee supports the role of audit in improving internal control and governance.

The self-assessment, however, also identified areas where there is an opportunity for improvement, these being:

<b><u>Detail</u></b>	<b><u>Comments</u></b>
Submit the draft Annual Governance Statement to the Audit Committee as a standalone document	This is included in the Agenda for this meeting
Introduce this self-assessment process on an annual basis	Next self-assessment will be reported to the Audit Committee in December 2019
Provide reports on Risk Management to the Audit Committee	A half-yearly reported on Risk Management with be provided from the September 2018 meeting
Provide reports on Best Value to the Audit Committee	A Best Value report is being submitted to this meeting
Obtain feedback on the performance of the Audit Committee from those interacting with the committee or relying on its work	Feedback is in the process of being gathered and the outputs of this will be presented to a future committee.

Introduce an annual report on the Audit Committee to account for its performance and explain its work to Council	This is the purpose of this particular committee report
The Chairs of the Council's and the West Dunbartonshire Heath & Social Care Partnership Board Audit Committees meet to discuss their respective governance arrangements	This will be arranged once a self-assessment of HSCP Audit Committee has been carried out
Extend reports to the Audit Committee on post-project reviews to non-capital projects of significant scale	This will be done whenever such a project completes
The work of internal audit should be enhanced to provide more specific assurance on value for money arrangements e.g. transformation, sustainability, and performance management	Not due to be implemented until 31 March 2020
Amend annual assurance statements to require more information on value for money arrangements e.g. transformation, sustainability, and performance management	This will be developed during 2019/20
Provide more specific information on counter fraud work to the Audit Committee	An Annual Counter Fraud report is being submitted to this meeting
Develop a fraud risk assessment process	Complete

#### Assurance Statement to the Council

The Audit Committee provides the following assurance to the Council:

- The Council has received the Minutes of the Audit Committee meetings throughout the year;
- The Audit Committee has operated in accordance with its agreed terms of reference, and accordingly with the audit committee principles in the CIPFA Position Statement relating to its Audit functions;
- It did this through material it received from Internal Audit, External Audit, and assurances from Management. It focussed on matters of internal control and governance, giving advice to the Council on the value of the audit process, on the integrity of financial reporting and on governance arrangements, and acted as a bridge between the Council and its stakeholders;
- For all audit reports, the Audit Committee considered whether it was satisfied that an adequate management response was in place to ensure action would be taken to manage risk and address concerns on internal controls and governance arrangements. The Committee acknowledges that all the audit recommendations are input to Pentana, the Council's performance management system, and that there is a system in place of on-going follow-up by Internal Audit and reporting thereon;
- The Audit Committee has received and considered material to fulfil its scrutiny role on treasury management activity; and

- The Audit Committee will review the audited Annual Accounts for 2018/19 alongside External Audit's report on their annual audits 2018/19.

**Councillor John Mooney**  
**Chair of the Audit Committee**  
**29 May 2019**