

## **AUDIT COMMITTEE**

At a Meeting of the Audit Committee held in the Council Chamber, Clydebank Town Hall, Dumbarton Road, Clydebank on Wednesday, 12 June 2019 at 10.00 a.m.

**Present:** Councillors Jim Brown, Jonathan McColl, Martin Rooney and Brian Walker, and Lay Member Mr Chris Johnstone.

**Attending:** Joyce White, Chief Executive; Angela Wilson, Strategic Director – Transformation & Public Service Reform; Richard Cairns, Strategic Director – Regeneration, Environment & Growth; Stephen West, Strategic Lead – Resources; Julie Slavin, Chief Financial Officer, West Dunbartonshire Health & Social Care Partnership, Colin McDougall, Audit and Risk Manager; Amanda Coulthard, Performance & Strategy Manager; Jennifer Ogilvie, Finance Business Partner and Craig Stewart, Committee Officer.

**Also Attending:** Ms Fiona Mitchell-Knight, Assistant Director; Mr Richard Smith, Senior Audit Manager and Zahrah Mahmood, Senior Auditor, Audit Scotland.

**Apologies:** Apologies for absence were intimated on behalf of Councillors Karen Conaghan, Daniel Lennie and John Millar and Lay Member Ms Eilidh McKerry.

**Councillor John Mooney in the Chair**

### **DECLARATIONS OF INTEREST**

It was noted that there were no declarations of interest in any of the items of business on the agenda.

### **MINUTES OF PREVIOUS MEETING**

The Minutes of Meeting of the Audit Committee held on 20 March 2019 were submitted and approved as a correct record.

## **OPEN FORUM**

The Committee noted that no open forum questions had been submitted by members of the public.

### **AUDIT SCOTLAND REVIEW OF INVESTIGATION INTO TENDERING AND CONTRACTING PRACTICES IN ROADS AND GREENSPACE SERVICES**

A report was submitted by the Chief Executive providing an update on the outcome of the Audit Scotland review of the Council's internal audit investigation into Tendering and Contracting Practices in Roads and Greenspace Services and recommendations arising.

After discussion and having heard the Chief Executive, Audit and Risk Manager and the Strategic Director – Transformation & Public Service Reform in further explanation of the report and in answer to Members' questions, the Committee agreed:-

- (1) to note that the report had been considered by Council and was referred to the Audit Committee for scrutiny;
- (2) to note the contents of the report;
- (3) to note the report and recommendations from Audit Scotland at Appendix A to the report; and
- (4) to note the Council action plan outlining progress to date and further planned activity at Appendix B to the report.

### **PRUDENTIAL INDICATORS 2018/19 TO 2028/29 AND TREASURY MANAGEMENT STRATEGY 2019/20 TO 2028/29**

A report was submitted by the Strategic Lead – Resources advising of the proposed Prudential Indicators for 2018/19 to 2021/22 and Treasury Management Strategy (including the Investment Strategy) for 2019/20 to 2021/22.

After discussion and having heard the Finance Business Partner in further explanation of the report and in answer to a Member's questions, the Committee noted that on 27 March 2019, Council:-

- (1) agreed the following Prudential Indicators and Limits discussed in Appendix 1 to the report and set out within Appendix 6 to the report for the period 2019/20 to 2021/22:-

Capital Expenditure and Capital Financing Requirements (Tables A and B);

Forecast and estimates of the ratio of financing costs to Net Revenue Stream (Table D);

- (2) approved the policy for loans fund advances discussed in Appendix 1 to the report in section 3;
- (3) approved the Treasury Management Strategy for 2019/20 to 2021/22 (including the Investment Strategy) contained within Appendices 2 to 6 to the report;
- (4) agreed the following Treasury Prudential Indicators and Limits discussed in Appendix 2 to the report and set out within Appendix 6 to the report for the period 2019/20 to 2021/22:-

Operational Boundaries (Table F);

Authorised Limits (Table G);

Counterparty Limits (Table J); and

Treasury Management Limits on Activity (Table L);

- (5) noted the draft Prudential and Treasury Management Indicators for the period 2022/23 to 2028/29 discussed in Appendices 1 and 2 to the report and set out within Appendix 6 to the report;
- (6) approved the statement by the Section 95 Officer regarding the gross debt level in comparison to the Capital Financing Requirement (Appendix 2 to the report – Point 2.3);
- (7) referred the report to the Audit Committee to ensure further scrutiny took place.

## **AUDIT ACTION PLANS**

A report was submitted by the Strategic Lead - Resources advising of:-

- (a) recently issued Internal Audit action plans; and
- (b) progress made against action plans previously issued contained within Internal Audit and External Audit reports.

After discussion and having heard the Audit and Risk Manager, the Chief Executive, Ms Mitchell-Knight, Assistant Director, Audit Scotland and relevant officers in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) to note the contents of the action plans; and
- (2) that, with effect from the Audit Committee meeting on 25 September 2019, onwards, that the following be approved:-

- (i) For planned audit assignments, include an executive summary of each audit report recently issued within the covering report along with action plan to form ongoing monitoring of progress in implementing agreed actions, with the full report being provided via a link to the website; and
- (ii) For investigation audits, include the executive summary with the addition of further information on the key findings, along with the action plan. Note: There may be occasions when the full investigation report is submitted to the Audit Committee, in which case this will be a redacted version, as appropriate.

### **INTERNAL AUDIT ANNUAL REPORT TO 31 MARCH 2018**

A report was submitted by the Strategic Lead - Resources advising of the work undertaken by Internal Audit in respect of the Annual Audit Plan 2017/18 and advising Members of the contents of the Annual Assurance Statement given to the Section 95 Officer (Strategic Lead - Resources) in support of the Statement of Internal Financial Control/Governance Statement.

After discussion and having heard the Audit and Risk Manager, the Chief Executive and relevant officers in further explanation and in answer to Members' questions, the Committee agreed:-

- (1) that the table in Appendix 1 to the report (Audit Plan 2018/19: Completed Audits) be reformatted in future to include information with regard to the reference number of the key audit work; and
- (2) otherwise to note the contents of the report.

### **COUNTER FRAUD ANNUAL REPORT 2018/19**

A report was submitted by the Strategic Lead - Resources advising of the Council's fraud prevention, detection and investigation activity.

After discussion and having heard the Audit and Risk Manager, the Strategic Lead and the Chief Executive in further explanation and in answer to Members' questions, the Committee agreed to note the contents of the report.

### **CODE OF GOOD GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT**

A report was submitted by the Strategic Lead – Resources:-

- (a) advising on the outcome of the annual self-evaluation undertaken of the Council's compliance with its Code of Good Governance; and
- (b) inviting the Committee to consider and approve the Annual Governance Statement that will be published in the Council's Abstract of Accounts.

After discussion and having heard the Strategic Lead, the Chief Executive and the Strategic Director – Transformation & Public Service Reform in further explanation of the report and in answer to Members' questions, the Committee agreed:-

- (1) to note the outcome of the recent self-evaluation process in considering how the Council currently met the agreed Code of Good Governance, together with the issues identified and improvement actions; and
- (2) to consider the detail of the Annual Governance Statement and approve the actions identified by management to improve the internal control environment.

### **THE AUDIT COMMITTEE ANNUAL REPORT**

A report was submitted by the Strategic Lead – Resources providing an Annual Report on the Audit Committee for 2018/19.

After discussion and having heard the Audit and Risk Manager in further explanation of the report, the Committee agreed:-

- (1) to approve the Annual Report on the Audit Committee for 2018/19; and
- (2) that the report should thereafter be referred to Council for consideration.

### **WEST DUNBARTONSHIRE BEST VALUE ASSURANCE REPORT**

A report was submitted by the Strategic Lead – Communications, Culture & Communities providing an update on progress towards delivery of the improvement plan agreed with the Accounts Commission following the 2018 Best Value Assurance process of West Dunbartonshire Council.

After discussion and having heard the Performance & Strategy Manager in further explanation of the report and in answer to Members' questions, the Committee agreed to note the progress made to date against the Best Value Assurance Report (BVAR) improvement plan for West Dunbartonshire Council.

### **AUDIT SCOTLAND REPORT: WEST DUNBARTONSHIRE COUNCIL: MANAGEMENT REPORT 2018/19 – MAY 2019**

A report was submitted by the Strategic Lead - Resources providing, for information, a report which has been received from our external auditors – Audit Scotland – and to provide information to Members as to the management actions implemented following receipt of this report.

After discussion and having heard Mr Smith, Senior Audit Manager, Audit Scotland and the Strategic Lead in further explanation of the report and in answer to

Members' questions, the Committee agreed to note the report and the agreed improvement actions.

### **ACCOUNTS COMMISSION REPORT: *LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE 2019***

A report was submitted by the Strategic Lead - Resources on the above.

After discussion and having heard the Audit and Risk Manager and the Performance & Strategy Manager in further explanation of the report and in answer to Members' questions, the Committee agreed:-

- (1) to note the report and the position of the Council in terms of the report's recommendations as detailed at 4.2 of the report, along with the scrutiny tool for councillors contained at Appendix 2 to the report and the availability of an on line tool; and
- (2) that a future Elected Members' development session should take place in relation to this report.

### **ACCOUNTS COMMISSION REPORT: *HOW COUNCILS WORK – SAFEGUARDING PUBLIC MONEY: ARE YOU GETTING IT RIGHT?***

A report was submitted by the Strategic Lead - Resources providing information regarding a report recently published by the Accounts Commission as prepared by Audit Scotland.

After discussion and having heard the Audit and Risk Manager in further explanation of the report and in answer to Members' questions, the Committee agreed:-

- (1) note the attached report along with the series of checklists contained therein; and
- (2) that a future Elected Members' development session should take place in relation to this report.

The meeting closed at 11.32 a.m.