

MINUTE of MEETING of the GOVERNANCE AND RISK COMMITTEE of WEST Lothian Council held within Council Chambers, West Lothian Civic Centre, on 9 October 2017.

Present – Councillors Damian Timson (Chair), Lawrence Fitzpatrick and Chris Horne.

Apologies – Councillor Harry Cartmill

In attendance

Graham Hope (Chief Executive), Donald Forrest (Head of Finance and Property Services), James Millar (Governance Manager), Kenneth Ribbons (Audit, Risk & Counter Fraud Manager) and Ian Forrest (Interim IT Services Manager).

1. DECLARATIONS OF INTEREST

There were no declarations of interest made.

2. MINUTE

The committee approved the draft minute of its meeting held on 19th June 2017. The minute was thereafter signed by the Chair.

Decision

To approve the draft minute of its meeting held on 19th June 2017.

3. RISK MANAGEMENT WITHIN FINANCE AND PROPERTY SERVICES

The committee noted the terms of an interesting presentation by the Audit Risk and Counter Fraud Manager (copies of which had been circulated) which provided an overview of risk management within finance and property services. The presentation gave the committee a comprehensive overview of the definition of risk; the corporate arrangements that were in place for recording and tracking risks; a summary of service risks and scoring matrix; an outline of the management review progress including the monthly and annual reviews that were undertaken; and full information on the high and medium risks within the service. The presentation concluded that a robust approach to identifying and managing risks had been implemented. Risks were being regularly reviewed by the Service Management Team and there was a complete audit trail of the review process and changes.

The committee then moved on to consider a report by the Head of Finance and Property Services (copies of which had also been circulated) which expanded on the approach to risk management within Finance and Property Services.

The report explained that in accordance with corporate requirements,

Finance and Property Services maintained its risk register in Pentana Performance (formerly Covalent), the council's corporate risk management tool. Risks were reviewed on a monthly basis and there was a complete audit trail of the review process in the form of meeting papers and the action note stored in Pentana. Agreed changes to risks or risk actions were evidenced in Pentana.

Members noted that in accordance with the corporate protocol approved by the Governance and Risk Board, relevant recommendations for improvement identified by internal audit, external audit, the councils' risk consultant Gallacher Basset and any other relevant inspector were added to Pentana risk actions. Progress in implementing those risk actions was also reported to the service management time on a monthly basis to facilitate their timeous completion.

The Audit, Risk and Counter Fraud Manager reported council-wide audit and inspection recommendations entered into Pentana and which had not been implemented to the Audit Committee in June each year.

It was recommended that the committee notes the robust methods in place and the approach taken to risk management by Finance and Property Services.

Arising from a question, members heard that the services offered by Gallacher Bisset, the council's risk consultant, were provided free of charge and were assured that should that change, the council's procurement procedures would be followed to secure a replacement.

Decision

To note the recommendation in the report;

4. EXTERNAL AUDITORS' REPORT 2016/17

The committee considered a report (copies of which had been circulated) by the Governance Manager concerning the elements of the external auditors' report on the council's annual accounts for 2016/17 which were relevant to the remit of the committee.

The report explained that the council's unaudited accounts had been submitted to Ernst & Young, its external auditors, in June 2017 before being made available for public inspection and objection. Thereafter, the audit report had been addressed to members of the council and simultaneously forwarded to the Controller of Audit as part of the audit process. Most of the contents in the report from Ernst & Young, which had been provided as an appendix, were relevant to the remit of the Audit Committee and would be considered at the next meeting of that committee along with the overall conclusions and recommendations from the report.

The report summarised Ernst & Young's findings on the risk and governance issues that were most relevant to the Governance and Risk Committee as the risk of fraud in income and/or expenditure recognition;

management override of controls; valuation of property, plant and equipment; and retirement benefits. Their findings on governance and transparency were also summarised in the report.

The report moved on to explain that recommendations made in relation to the Audit and Governance & Risk committee arrangements had been generally accepted in the management response, except a commitment to change the Scheme of Administration, which was a matter for members. Furthermore, recommendations made regarding the relationship between Audit Committee and Governance & Risk Committee and their working arrangements had also been accepted in the management response.

It was recommended that the Governance and Risk Committee:

1. Notes the terms of the external auditors' 2016/17 Annual Audit Report which was reported to the council on 26th September 2017;
2. Notes the summary of matters in the auditors' report which were relevant to the remit of the committee;
3. Notes that the council agreed on 26 September 2017 in relation to Action Points 8, 9 and 10 of the report, officers should report to the next council meeting with appropriate advice and suggested changes to Standing Orders and the Scheme of Administration for consideration by members;
4. Notes that the auditors' report would be considered by the Audit Committee at its next scheduled meeting for its own interests; and
5. Considers any actions or recommendations that might be made in relation to matters in the auditors' report which were relevant to the remit of the committee

Following discussion, members heard that local authorities who had not fully implemented a 3% increase in council tax in the current financial year would be able to request permission from the Scottish Government to implement an increase in excess of 3% in financial year 2018/19. The committee also heard that HR Learning & Development was analysing feedback from the recent election member induction training with a view to introducing learning plans for councillors to deliver appropriate ongoing training.

Members were assured that the overlap of Chairs and Vice Chairs of both the Audit Committee and the Governance Committee, together with the ongoing dialogue between the Governance Manager and the Audit, Insurance and Corporate Risk Manager, would ensure no duplication of business by the committees and would also minimise the risk of items not being considered by the appropriate committee.

Decision

To approve the recommendations contained in the report;

5. CORPORATE GOVERNANCE – ANNUAL REPORT

The committee considered a report (copies of which had been circulated) by the Governance Manager inviting the committee to consider the annual report on corporate governance which had been referred by the Council Executive for consideration.

The report provided members with information on the background to the definition of governance and explained that to ensure the council adhered to rules of good corporate governance, it maintained a Local Code of Corporate Governance which set out the principles and standards by which good governance was judged. The code was based on a Framework called “Delivering Good Governance in Local Government” produced by CIPFA/SOLACE.

The report also provided members with information on the council’s responsibility for achieving good standards of corporate governance and outlined the roles and responsibilities of officers and the Governance & Risk Board to ensuring compliance.

The annual report on compliance, which had been provided as an appendix, had been submitted to the Council Executive as required to by Code to allow the council to be assured that the requirements of good corporate governance were being met. The Council Executive had agreed that as part of the recurring annual process that the report should be referred to the Governance and Risk Committee for consideration.

The report recommended that the committee should have regard to part of the guidance on the new 2016 CIPFA/SOLACE Framework which set out points for members to bear in mind when considering the adequacy of their governance arrangements as listed in the report.

It was recommended that the Governance and Risk Committee consider the annual report on Corporate Governance and identify any areas of concern and actions that may be required.

A discussion ensued during which time the committee noted that new arrangements in respect of Information Security and improvement actions were being monitored via Pentana and heard that the Audit, Risk & Counter Fraud Manager would provide a following up report to the Audit Committee.

The Governance Manager explained to members that he did not feel the number of tribunal cases referred to in the annual report to be high and that he would ask the Head of Corporate Services for a breakdown of the number of cases in recent years to carry out a comparison.

In response to a question, the committee requested that the Head of Corporate Services provide an update on what checks were being carried out to ensure full compliance with the Policy and Procedure on the Protection of Children and Protected Adults. It was also agreed to request details from the Head of Corporate Services on whether there was an order in which the health and safety risks identified in the annual

report would be prioritised.

Decision

To approve the recommendation contained in the report.

6. NEW GOVERNANCE FRAMEWORK AND CODE

The committee considered a report (copies of which had been circulated) by the Governance Manager providing an overview of the intended transition to a revised Local Code of Corporate Governance produced in 2016 by CIPFA (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives).

The report recalled the background to the existing governance framework and code which had been built around six overarching principles of good governance. The report explained that the proposed new framework included a modified and updated definition and description of governance, as set out in the report, and now set out seven principles at the top layer in the hierarchy. These were also listed in the report.

The committee noted that it was intended to have a new Code in place to be used for reporting in 2018 on governance issues in 2017/18. The proposed content of the report and implementation arrangements would be developed by officers and brought to Council Executive for approval.

It was recommended that the Governance and Risk Committee:

1. Notes that the CIPFA/SOLACE Framework on which the council's current Local Code of Corporate Governance was based had been replaced with a new Framework and supporting guidance;
2. Notes that the adoption of the new Framework would ensure the council met the requirements of legislation and guidance in relation to its governance arrangements;
3. Notes that the transition to the new Framework would be carried out with a view to reporting under the new Code on governance activity in 2017/18; and
4. Agrees future reporting arrangement on progress and adoption of a new Code.

Decision

To approve the recommendations contained in the report.

7. WORKPLAN

The committee considered a workplan (copies of which had been circulated) for the period to March 2018.

Decision

- A. To note the workplan.
- B. To agree that a report about high and strategic risks would be brought to every committee meeting rather than six-monthly as proposed in the workplan.
- C. To note that meeting dates in the workplan could be subject to change by the Council Executive.

8. PRIVATE SESSION

The committee resolved under Section 50(A)(4) of the Local Government (Scotland) Act 1973, that the public be excluded from the meeting during consideration of the following items of business on the grounds that they involved the likely disclosure of exempt information under Schedule 7A of the Act.

9. CYBER SECURITY

The committee received a very informative Powerpoint and audio visual presentation on Cyber Security which provided members with detailed information on the variety of measures that were in place to protect the council against the threat of cyber-attacks

The committee then considered a report by the Head of Corporate Service (copies of which had been circulated) which expanded on the measures that had been implemented to protect the council against the threat of risks associated with cyber security.

The report cautioned that as the world continued to progress into the digital era and technology was used more in day to day lives, the opportunity for individuals to disrupt progress increased. It explained that high volume crimes were no longer attributed to burglary or theft of vehicles but instead cyber and fraud crimes. Figures for 2016 reported just under 6 million cyber offences, with computer misuse crimes accounting for just under half.

Given that the council continued to deliver more and more service online for the residents of West Lothian and staff, the risks increased and the need to protect became ever more important. The report listed the measures that had been put in place to protect the IT infrastructure. The council should continue to monitor emerging risks relating to cyber security and implement measures to minimise the risks.

It was recommended that the committee note the terms of the report.

Following a lengthy discussion, members hear of the arrangements that were in place to ensure all council devices were kept updated against security risks and heard of the suite of training courses which all IT users

had to complete and renew in order to continue using IT devices. The committee discussed the importance of universal vetting of new staff to ensure no official was open to blackmail that could compromise the council and of the need for all suspicions to be reported.

The IT Services Manager undertook to raise members concerns about the performance of the free wifi service in the Civic Centre with the 3rd party supplier. He assured members that the sharing of private committee papers via e-mail was secure across council devices and reminded the committee of the availability of the Egress system when private information had to be shared outwith the council's network.

In response to a request, the IT Services Manager agreed to bring a report back to the committee on the potential impact disconnection from the PSN network would have on the council's ability to undertake its day to day business.

Decision

To note the terms of the report and presentation.

10. CIVIC CENTRE SECURITY

The committee considered a report by the Head of Corporate Service (copies of which had been circulated) providing an update on measures that had been implemented to improve the security of the Civic Centre.

The report explained that following the events in Paris in November 2015 and the raising of the UK National Security Level, Police Scotland had undertaken an integrity check of building security at the Civic Centre in order to evaluate the effectiveness of the physical and operational security measures in place.

The committee noted that whilst the overall physical and operational building security measures had been found to be generally effective, there were a number of areas that had been identified for improvement and a number of measures introduced to improve the overall position. Full details of the new and improved measures were provided in the report. Members noted that council and partner staff in the Civic Centre had been reminded of the requirement to comply with the security measures to ensure safety and security. The building partners had been consulted on the improved measures and were adopting the new practices within their own areas of the building for the benefit of overall security.

In addition to the safety and security measures, all council staff and elected members had received a briefing and guidance note on Stay Safe which included a viewing of the NPCC vide on stay safe in the event of a firearms or weapon attack in the workplace. The aim had not been to cause alarm but instead to ensure that staff knew what to do in the event of such an incident arising. A list of the key issues to be considered were by officers and members was detailed within the report. Finally, the committee noted that the guidance developed in 2003 on responding to

bomb threats and suspicious packages had been reviewed and updated. Members noted that each building had a designated Senior Responsible Officer and in the event of a bomb threat or suspicious package the SRO, or the most senior officer immediately available, would be immediately notified.

It was recommended that the committee notes the actions taken to improve security and building safety at the Civic Centre.

Arising from a discussion, the committee noted that separate bomb evacuation procedures were in place for all council premises across West Lothian, including schools, which included details of separate muster points.

Members noted that in order to reduce risk of information by visitors access staff areas within the Civic Centre, all staff had been instructed to ensure confidential documents were not left visible on unattended desks during working hours and that all desks were clear at the end of each day. The Head of Finance and Property Services carried out regular walkabouts to ensure the clear desk policy was being adhered.

Officers assured the committee that the improvement civic centre security measures ensure physical security of all users of the building and that the positioning of security staff at the main doors would ensure no one with a partner ID badge or visitor badge would be able to progress beyond the reception area.

Decision

To approve the recommendation contained in the report.