

MINUTE of MEETING of the AUDIT COMMITTEE of WEST LoTHIAN COUNCIL held within Council Emergency Centre, West Lothian House, on THURSDAY 11<sup>TH</sup> DECEMBER 2008

Present – Councillor Gordon Beurskens (Chair), Councillors Frank Anderson, Martyn Day, Jim Dixon and John McGinty.

1. MINUTE

The Audit Committee confirmed the minute of its meeting held on 18<sup>th</sup> September 2008 subject to an amendment at the final paragraph on page 25 as undernoted:-

After the words “Audit Committee” in line 3, add:- “and that the Audit Committee had not asked him to do so,”

2. INTERNAL AUDIT OF INFORMATION SECURITY

At its meeting held on 18<sup>th</sup> September 2008, the Audit Committee had considered a report on information security and had asked for a progress report to be brought to its next meeting.

The Audit Committee now considered a report (copies of which had been circulated) by the Internal Audit Manager advising of progress in relation to implementing the previous internal audit recommendations on information security.

The Internal Audit Manager set out progress as follows:-

- the information security policy, and data protection policy and guidelines, had been presented to the Partnership and Resources PDSP on 5<sup>th</sup> December and would be submitted to the Council Executive for approval on 23 December;
- appropriate information security guidelines would be drafted on approval of the information security policy;
- at its meeting on 30<sup>th</sup> October, the information management working group had established that the user security awareness film was now ready. Service representatives were asked to ensure, via their head of service, that the film was rolled out to all staff in their area. It was agreed that IT finalise the Freedom of Information and Data Protection films so that they could then be rolled out in the same way;
- IT Services was assessing the viability of encrypting e-mail both within the council and between the council and third parties.

The Audit Committee noted that implementation of the internal audit recommendations was ongoing and progress would continue to be monitored as part of the 2009/10 internal audit plan.

### Decision

To note the terms of the report.

### 3. AUDIT OF COVALENT PERFORMANCE MANAGEMENT SYSTEM

At its meeting held in June 2008, the Audit Committee had considered a report on the Covalent performance management system and had asked for a further report to be brought back in six months which would include details of the Solace Associates review work carried out.

The Audit Committee now considered a report (copies of which had been circulated) by the Internal Audit Manager advising of recent work on the Covalent system and providing details of the Solace Associates review work carried out.

The Internal Audit Manager explained that a council wide audit had been undertaken to determine whether KPI information input into the Covalent system was both accurate and up to date. The main findings from the audit work were:-

- fourteen high level key performance indicators had been checked and it had been identified that two contained material errors;
- there had been a relatively low level of awareness that performance information may be subject to further scrutiny by elected members, senior officers and, in future, the public via the Public Performance Reporting website.

A copy of the internal audit report was attached to the report and the Internal Audit Manager's findings and recommendations were contained in section 3.0 of the audit report.

In relation to the Solace Associates report, the Internal Audit Manager advised that the overall finding of the report was that 'West Lothian Council was a strong performing council with a track record in excellent service delivery.' Solace Associates had recommended three principal enhancements and these were set out in the report, together with actions taken by the Council.

In relation to Appendix B to his report, the Internal Audit Manager highlighted two areas in which the KPIs were found to have material errors when checked to backup documentation. These were Corporate Communications (variance 80.3%) and Country Parks (variance of 12.6%). He also highlighted that one KPI had been materially out of date and two KPIs had omitted data for previous years without explanation. The Internal Audit Manager undertook to establish the reasons for the previous years back up data being missing.

The Internal Audit Manager then responded to questions by elected

members. In particular, members of the Committee were concerned that officers were not fully aware that performance information input into Covalent may be subject to further scrutiny by elected members, senior officers and, in future, the public via the Public Performance Reporting website.

#### Decisions

1. To note the terms of the report and to agree that a similar audit of the Covalent system be undertaken and a report brought back to the Committee in six months time.
2. To advise the Chief Executive of the Committee's concern at the inaccuracies in the Covalent system found in the Internal Audit report.
3. To instruct the Chief Executive convey, in appropriate terms, to Heads of Service and Directors that services should ensure that KPIs are accurate and up to date as this information may be subject to further scrutiny by elected members, senior officers and, in the future, the public via the Public Performance Reporting website.

#### 4. AUDIT OF ACCOUNTS –YEAR ENDING 31<sup>ST</sup> MARCH 2008

A report had been circulated by the Head of Finance advising of the outcome of the 2007/08 audit and providing a brief summary of the key points arising from the Auditor's Report. The report also attached a copy of Audit Scotland's report on the 2007/08 Audit.

The Auditor's report opened with Key Messages, which outlined the Auditor's conclusions on key outcomes from the 2007/08 audit and the outlook for future audits. The report on the audit covered four main areas: Performance, Financial Position, Corporate Governance and Financial Statements. An Action Plan detailing Key Risk Areas and Planned Management Action was attached to the report at Appendix A.

The Head of Finance advised that the Auditor had concluded that the Council's systems operated well within a sound financial environment. This was evidenced in the unqualified Auditor's Report and the Auditor's recognition of the Council's financial performance over the year. The results of the audit showed a clear commitment to continuous improvement in financial performance, governance and performance management.

Donald Forrest, Corporate Finance Manager, amplified aspects of the report and responded to questions raised by members of the Committee. In particular, it was noted that, at 31<sup>st</sup> March 2008, the council had an uncommitted general fund balance of £2.374 million. This sum exceeded the council's target balance, but represented a reduction in terms of percentage of the budget for the previous year.

The Audit Committee noted that the Action Plan contained identified risks

relating to Performance Reporting and Scrutiny of Service Performance. The Best Value Manager responded to questions raised by members of the Committee concerning the planned action to address these risks.

Paragraph 93 of the Auditor's report related to the Performance Committee and stated that "there was no evidence in the committee minutes of effective scrutiny of the reports presented or agreed actions." In this regard, the Committee Services Manager informed the Committee that future minutes of the Performance Committee would include the thrust of questions asked by elected members.

Councillor McGinty informed the Committee that the view of Labour Group members was that the current political scrutiny arrangement was not effective, it did not reflect best practice for performance scrutiny, and it inhibited accountability.

#### Decisions

1. To note the terms of the report and that an update on item 3 in the Action Plan would be included in the report to be brought back to the Committee in June 2009 (referred to at minute item 3).
2. To note advice by the Committee Services Manager that future minutes of the Performance Committee would include the thrust of questions asked by elected members to demonstrate scrutiny of performance information presented.
3. To welcome the results of the 2007/08 Audit and record appreciation to staff.

#### 5. ACTION TAKEN IN TERMS OF STANDING ORDER 31 (URGENT BUSINESS)

##### CIPFA Audit Committee Training

The Audit Committee noted that approval had been provided under Standing Order 31 for Councillor Dixon to attend the CIPFA Audit Committee Training Seminar held on Monday 8<sup>th</sup> December 2008.

##### Decision

To note the action taken in terms of Standing Order 31.