

MINUTE of MEETING of the AUDIT COMMITTEE held within COUNCIL CHAMBERS, WEST LOTHIAN CIVIC CENTRE, on 28 JUNE 2024.

Present – Councillors Angela Doran-Timson (Chair), Tony Boyle (substituting for Councillor Kirsteen Sullivan), Lynda Kenna, Pauline Orr and George Paul (substituting for Councillor Lawrence Fitzpatrick)

Apologies – Councillors Lawrence Fitzpatrick and Kirsteen Sullivan; Moira Glencorse (Lay Member)

1      DECLARATIONS OF INTEREST

There were no declarations of interest made.

2      ORDER OF BUSINESS

The Chair ruled in terms of Standing Order 11 that agenda item 11 (*Workplan*) would be considered immediately after agenda item 9 (*Local Government Budgets 2024/25*). Items 10 (*Counter Fraud Annual Report 2023/24*) and 13 (Appendix 2) would be considered after agenda item 12 (*Private Session*).

The Chair advised, in accordance with Standing Order 8(3), that all items of business would be presented, including those items which were for information only.

3      MINUTES

The committee confirmed the minute of its meeting held on held on Friday 26 April 2024 as a correct record. The minute was thereafter signed by the Chair.

4      INTERNAL AUDIT ANNUAL REPORT

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing members of the work undertaken by internal audit during 2023/24, reporting on internal audit's performance, and advising of the Audit, Risk and Counter Fraud Manager's conclusion on the council's framework of governance, risk management and control.

It was recommended that the committee:

1. Note the Audit, Risk and Counter Fraud Manager's conclusion that the council's framework of governance, risk management and control was sound; and

2. Endorse the independence of the internal audit function as set out in section three of the appended annual report.

Regarding the results of risk-based audits where the conclusion was 'required improvement' officers assured members that they worked closely with the relevant services, with an action plan agreed and progress follow ups. Recommendations ranked as being of "high" importance were entered into the council's Ideagen risk and performance management system. Any 'high' findings not implemented would be reported back to the committee.

It was also noted that findings resulting from the benchmarking exercise currently being planned based on information referenced on appendix B of the report could be reported back to the committee once completed.

### Decision

To approve the terms of the report.

## 5 INTERNAL AUDIT OF CONTROLS IN RELATION TO FIRE SAFETY IN OPERATIONAL BUILDINGS

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing members of the outcome of an internal audit of controls in relation to fire safety within operational buildings.

It was recommended that the committee note that controls were considered to be satisfactory.

In response to a question from members, officers advised that hot work permits (point 3.7 in the action plan) were routinely used for roofing repairs and that one to two per month were usually required. Officers also advised that work permits were currently being reviewed with Health and Safety.

Updates to agreed actions whose due date had passed were then provided as follows:

Under point 3.1 (Fire Safety Policy and Risk Management Plan), they advised that the draft changes to the Fire Safety Management Plan had been made and would form part of routine reviewing going forward.

Regarding point 3.2 (Review of KPI PS803 – Appendix B) it was noted that the review period referenced in the report should read 60 and not 13 months.

Under point 3.3 (FRSA due dates programmed on Concerto) officers advised that the agreed action had been completed.

### Decision

To note the terms of the report.

## 6 RISK ACTIONS ARISING FROM AUDIT AND INSPECTION REPORTS

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager advising of progress in implementing agreed actions arising from audit and inspection reports.

It was recommended that the committee note that there were two outstanding risk actions arising from audit and inspection reports which had been due for completion on or before 31 March 2024.

With regard to action WLC23005\_Ari Hosting Solution for iTrent – HR and Payroll System, officers advised that the dedicated isolated server was still pending and was expected to be in place in August and that all interdependent activities had been completed. Officers also assured members that there were alternative methods to complete payroll in the event of an incident.

### Decision

To note the terms of the report.

## 7 CONSIDERATION OF 2023/24 ANNUAL ACCOUNTS (UNAUDITED)

The committee considered a report (copies of which had been circulated) by the Head of Finance and Property Services requesting that members consider the 2023/24 Annual Accounts of the Council (unaudited).

It was recommended that the committee consider the 2023/24 Annual Accounts prior to submission to Audit Scotland for audit.

During discussion, officers clarified that the increase in number of employees in the £50,000 to £55,000 bracket reflected pay awards and incremental salary progression. Employee exit packages referred to cases where redeployment was not possible per the council's redundancy procedures. It was also noted that it would be useful to increase pay bands in line with inflation.

In response to relevant questions from members, officers also advised that the increased gain on disposal of non-current assets was due to the increased number of council asset disposals and that as the council owned minimal shares in Lothian Buses it had a small risk in case of issues with buses arising.

Regarding the *Financing costs to net revenue stream – HRA* ratio, officers confirmed that capital plans sustainability was regularly monitored and the most recent set of prudential indicators had confirmed affordability of housing works. Officers also undertook to provide further information on previous years' housing stock ratios.

It was also noted that there had been discussions regarding Scottish Government grant funding for local government beyond 2024/25; however, there was no definitive plan for such funding to date.

#### Decision

To note the terms of the report.

### 8 LOCAL GOVERNMENT BUDGETS 2024/25

The committee considered a report (copies of which had been circulated) by the Head of Finance and Property Services providing a summary of the Local Government Budgets 2024/25 report, published by the Accounts Commission in May 2024.

It was recommended that the committee note the key messages included in the report.

During discussion, officers advised that recurrence of the 23.6% real-term reduction in budget was currently uncertain; more information would be available once the local government financial settlement for 2025/26 had been received. As agreed at the council budget setting meeting, officers would review the capital programme to consider options in case the reduction in capital funding continued in future.

Clarifications were also provided on the process of transfer of portfolios under the 2024/25 Scottish Budget allocated total revenue funding.

Member were also advised that the information under councils' projected budget gaps to 2026/27 (exhibit 5) was based on information provided to the accounts commission by all councils; these figures continually changed based on spending and other factors.

Finally, members were assured of the council's efficiency in collecting and analysing data and that there had been discussions to standardise the approach across local authorities.

#### Decision

To note the terms of the report.

### 9 WORKPLAN

A workplan had been circulated for information.

#### Decision

To note the workplan.

### 10 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 item of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 14 of Schedule 7A of the Act.

11 COUNTER FRAUD ANNUAL REPORT 2023/24

The committee considered a report (copies of which had been circulated) by the Audit, Risk and Counter Fraud Manager informing members of the performance and activities of the Counter Fraud Team for the period from 1 April 2023 to 31 March 2024.

It was recommended that the committee note the performance and activities undertaken by the Counter Fraud Team during the financial year 2023/24.

Members were assured that the audit team continually worked with services to prevent recurrence of fraud incidents. Increased awareness of the council's counter-fraud policy by staff resulted in robust monitoring and therefore increased recording of incidents.

Procurement fraud was then explained and it was clarified that several types of incident fall under this category. The process for preventing bank mandate frauds and other types of fraudulent money claims was also further explained.

In further discussion, members expressed concern that questions aimed to prevent crisis grant fraud might make the process difficult for legitimate claimants. It was also noted that in some cases it might be more efficient for staff to take work vehicles home. Members also expressed appreciation regarding the progress on preventing tenancy fraud.

Finally, there was discussion on processes and sanctions regarding blue badge fraud.

Decision

To note the terms of the report.