

## Governance, Risk and Best Value Committee

10.00am, Tuesday, 26 September 2017

### Present

Councillors Mowat (Convener), Main (Vice-Convener), Jim Campbell, Dickie, Gordon, Lang, Munro, Rae, Ritchie, Watt and Webber

### 1. Minute

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#### Decision

To approve the minute of the Governance, Risk and Best Value Committee of 29 August 2017 as a correct record.

### 2. Outstanding Actions

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Details were provided of the outstanding actions arising from decisions taken by the Committee.

#### Decision

- 1) To agree to close item 9.
- 2) To note the update from the Interim Chief Officer on Item 4.
- 3) To request a timeline for the development of governance arrangements for the Edinburgh Partnership referred to in Item 6.
- 4) To merge Items 7 and 14.
- 5) To note the remaining outstanding actions.

(Reference – Outstanding Actions – 26 September 2017, submitted.)

### 3. Work Programme

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#### Decision

To note the work programme.

(Reference – Governance, Risk and Best Value Committee Work Programme – 26 September 2017, submitted.)

## 4. Internal Audit Quarterly Update Report: 1 January 2017 – 30 June 2017

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Details of the Internal Audit activity from 1 January – 30 June 2017 were considered.

### Decision

- 1) To note the progress of Internal Audit in issuing 11 Internal Audit reports during Quarter 4 of the 2016/17 plan year and 2 Internal Audit reports during Quarter 1 of the 2017/18 plan year.
- 2) To note the areas of higher priority findings for reviews issued during this six month period.
- 3) To refer the 6 reports noted in Appendix 1 as potentially being of interest to the Audit and Risk Committee of the Edinburgh Integration Joint Board (IJB) to that Committee.
- 4) To note the 6 audits in progress during Quarter 1 of the 2017/18 plan year as detailed in Appendix 1 of the report.
- 5) To request information on
  - the total spend on homelessness provision
  - the checks in place for recovering money from the Government.
  - the governance of the Homelessness Taskforce.
- 6) To request a report on the operation of homelessness services which included costs and a map of facilitates in the city to the Housing and Economy Committee and Homelessness Taskforce.
- 7) To refer high risk findings to the appropriate parent committee for scrutiny.

### Declarations of Interest

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integrated Joint Board.

(Reference – report by the Chief Internal Auditor, submitted.)

## 5. Internal Audit: Overdue Recommendations and Late Management Responses

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The current overdue Internal Audit recommendations were considered alongside details for the revised approach to monitoring and reporting as agreed by the Corporate Leadership Team.

### Decision

- 1) To note the current status of overdue Internal Audit recommendations as at 25 August 2017.
- 2) To note the revised approach proposed in relation to the 3 recommendations noted at section 3.12 of the report that was approved by the Corporate Leadership Team (CLT) at their meeting on 30 August 2017.
- 3) To note the revised Internal Audit (IA) monthly reporting timetable for updates on open and overdue recommendations detailed at section 3.13 of the report.

- 4) To note that there are currently no reports issued in draft where management the responses have not been received within our two-week service standard.
- 5) To request an update on:
  - the progress of actions due to close in September.
  - Mortuary Services
- 6) To request a scoping report with proposals to address the outstanding actions for Health and Social Care back to the Governance, Risk and Best Value Committee with an appendix highlighting who was responsible for each area.

### **Declarations of Interest**

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integrated Joint Board.

(Reference – report by the Chief Internal Auditor, submitted.)

## **6. Internal Audit Opinion Benchmarking Exercise**

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The benchmarking exercise to assess the consistency of Internal Audit opinions across local authorities in Scotland was presented. A significant range of opinion types were noted which caused difficulties making any meaningful comparison.

### **Decision**

To note the outcomes of the Internal Audit annual opinion benchmarking exercise.

(Reference – report by the Chief Internal Auditor, submitted.)

## **7. Principles to govern the working relationship between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee**

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The five proposed principles to govern the relationship between the Governance, Risk and Best Value Committee and the Edinburgh Integration Joint Board Audit and Risk Committee were considered.

### **Decision**

To accept the high-level principles subject to further information on how elected members could best engage with the process

### **Declarations of Interest**

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integrated Joint Board.

(References – Finance and Resources Committee of 23 March 2017 (item 11); report by the Chief Internal Auditor, submitted.)

## 8. City of Edinburgh Council – 2016/17 Annual Audit Report to the Council and the Controller of Audit

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The Committee considered a summary report of the principal findings of the Council's 2016/17 external audit. This focused on the review of financial management, stability, governance, transparency and arrangements to assure value for money.

### Decision

- 1) To note that, following the audit process, it was anticipated that an unqualified audit opinion would be issued on the Council's Annual Accounts for 2016/17.
- 2) To refer the audited Annual Accounts for 2016/17 to the Finance and Resources Committee for approval and thereafter to Council for noting.
- 3) To note that, following approval by the Finance and Resources Committee, the audited Annual Accounts would be signed and submitted to the external auditor.
- 4) To note the areas of strength identified within the wider scope audit work and that progress in the delivery of the remaining improvement actions set out in the action plan in Appendix 2 of the auditor's report would be reported to the Committee during the year.
- 5) To request an update report in January 2018 on the progress of the improvements recommended in the action plan.
- 6) To request a briefing to members on Edinburgh Catering Services including the current situation and a breakdown of what had caused the deficit.

### Declarations of Interest

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integrated Joint Board.

(References – Act of Council No 16 of 29 June 2017; joint report by the Chief Executive and Executive Director of Resources, submitted)

## 9. External Audit Review of Internal Financial Controls 2016/17

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The main findings of the 2016/17 review of the effectiveness of the Council's internal control framework in preventing material misstatement within its financial statements was considered.

It was identified that while opportunities for further improvement existed, the current controls in place were well designed and effective.

### Decision

- 1) To note the findings of the 2016/17 external review of the effectiveness of the Council's internal controls.
- 2) To note that a further update on progress in implementation of the improvement actions would be provided to the Committee in January 2018.

(Reference – report by the Executive Director of Resources, submitted)

## **10. Corporate Leadership Team Risk Update**

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The current highest priority risks and mitigating actions in place from the Corporate Leadership Team were considered.

### **Decision**

- 1) To note the risk update and the risk management framework, controls and mitigations in operation
- 2) To commission, where appropriate, further updates from relevant officers to discuss the key risks and mitigating actions identified.

### **Declarations of Interest**

Councillors Main and Webber declared a non-financial interest in the above item as members of the Edinburgh Integrated Joint Board.

(References – Governance, Risk and Best Value Committee of 1 August 2017 (item 8); report by the Executive Director of Resources, submitted.)

## **11. Assurance of Council Human Resources Policies - 2017**

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The proposal to streamline the Council's Human Resources policies assurance process was presented.

### **Decision**

- 1) To accept the proposed process for the assurance of Council Human Resources policies as detailed in the report.
- 2) To refer the report to the Corporate Policy and Strategy Committee for decision.
- 3) To include reference to Committee decisions in relation to the policy in the proposed approach.

(References – Corporate Policy and Strategy Committee of 3 September 2013 (item 4); report by the Executive Director of Resources, submitted.)

## **12. Revenue Monitoring 2016/17 – Outturn Report – referral report from the Finance and Resources Committee**

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The Finance and Resources Committee had referred a report on the provisional 2016/17 revenue outturn position for the Council based on the unaudited financial statements. The Governance, Risk and Best Value Committee was asked to consider this as part of the work-plan.

### **Decision**

To note the report.

(References – Finance and Resources Committee, 5 September 2017 (item 6); referral from the Finance and Resources Committee, submitted)

## **13. Capital Monitoring 2016/17 – Outturn and Receipts – referral report for the Finance and Resources Committee**

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The Finance and Resources Committee had referred a report on the final outturn on the Council's Capital Programme for 2016/17 which included details of projects within the Capital Investment Programme. The Governance, Risk and Best Value Committee was asked to consider this as part of the work-plan.

#### **Decision**

To note the report.

(References – Finance and Resources Committee, 5 September 2017 (item 7); referral from the Finance and Resources Committee, submitted)

### **14. Treasury Management – Annual Report 2016/17 – referral from the City of Edinburgh Council**

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The City of Edinburgh Council had referred a report on the treasury management activity in 2016/17 to the Governance, Risk and Best Value Committee for consideration as part of the work-plan.

#### **Decision**

To note the report.

(References – Act of Council No 11 of 21 September 2017; referral report from the City of Edinburgh Council, submitted)

### **15. Revenue Monitoring 2017/18 – Month Three Position – referral from the Finance and Resources Committee**

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The Finance and Resources Committee had referred a report on the projected overall position of the Council's revenue expenditure budget for 2017/18 based on analysis of period three data. The Governance, Risk and Best Value Committee was asked to consider this as part of the work-plan.

#### **Decision**

To note the report.

(References – Finance and Resources Committee, 5 September 2017 (item 8); referral from the Finance and Resources Committee, submitted)

### **16. Capital Monitoring 2017/18 – Three Month Position – referral from the Finance and Resources Committee**

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The Finance and Resources Committee had referred a report that set out the overall position of the Council's capital budget at the three month stage and the projected outturn for the year. The Governance, Risk and Best Value Committee was asked to consider this as part of the work-plan.

#### **Decision**

To note the report.

(References – Finance and Resources Committee, 5 September 2017 (item 11); referral from the Finance and Resources Committee, submitted)

