

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD
on FRIDAY, 29 JUNE 2012**

Present:

Mr Ian M M Ross (Chair)

Councillor Gordon Blair
Mr Martin Caldwell

Councillor Maurice Corry
Councillor Duncan MacIntyre

Attending:

Iain Jackson, Governance Officer
Bruce West, Head of Strategic Finance
Angus Gilmour, Head of Planning and Regulatory Services (for
item 7)
Ian Nisbet Chief Internal Auditor
Allen Stevenson, Service Development Manager (for items 4, 5
and 6)
Alan Morrison, Regulatory Services Manager (for item 7)
Kate Connelly, Special Projects Officer (for item 8)
Russell Smith, Senior Auditor, Audit Scotland

The Chair ruled, and the Committee agreed, to vary the order of business and consider the Audit Scotland report on "Community and Social Care" at item 6 of this Minute to allow the Officer who was speaking to this item to leave the meeting early to attend to other business.

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated from Councillors Iain MacDonald and Aileen Morton.

2. DECLARATIONS OF INTEREST

None declared.

3. MINUTES

The Minutes of the Audit Committee meeting held on 16 March 2012 were approved as a correct record.

4. DIRECT PAYMENTS

A report providing additional historical information in relation to work undertaken concerning issues relating to Direct Payments was considered.

Decision

1. Noted the contents of the report; and
2. Noted that there were now just two cases outstanding and that these were due to be resolved within timescale.

(Reference: Report by Executive Director – Community Services, submitted)

5. SOCIAL WORK CAREFIRST ACTION PLAN UPDATE

Carefirst is a web based case management system that went live in Argyll and Bute Council Social Work Department in 2000. It comprises a comprehensive suite of integrated modules covering the full spectrum of children's and adult service client groups. A report providing the updated action plan relating to the ongoing implementation of Caredocs 2 and the continued reviewing activity of client Carefirst files across social work services was considered.

Decision

Noted the contents of the report and the timescales for implementation.

(Reference: Report by Executive Director – Community Services, submitted)

6. AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE 2011 - 2012

A report advising of a recently published report by Audit Scotland entitled "Community and Social Care" along with a management response to this was considered.

Decision

Noted the contents of the report and that these will be followed up by Internal Audit.

(Reference: Report by Audit Scotland "Community and Social Care" dated March 2012 and reports by Executive Director – Community Services dated 28 May 2012 and 1 June 2012, submitted)

7. IMPLEMENTING THE SERVICE REVIEW YEAR 1 REVIEW, REGULATORY SERVICES

The Audit Committee have maintained a keen interest in the review of Regulatory Services over the last two years and at the December 2011 Committee meeting requested that a further paper be taken to the June Committee. A report highlighting the considerable progress which has been undertaken to implement the Service Review outcomes within Regulatory Services was presented to the Committee.

Decision

The Committee:-

1. Recognised the significant work and excellent progress which has been undertaken to implement the new redesigned service arrangements across Regulatory Services;
2. Agreed that the performance and outcomes achieved in Year 1 demonstrate the benefits achieved through the Service Review process and provide

confidence that the service will be able to continue to improve and deliver the core statutory duties placed on the Council; and

3. Recognised the steps taken to ensure continual improvement with the creation of a Service Improvement Group which will take forward any outstanding issues from the Review and progress other service management and improvement issues and governance arrangements to the Planning, Protective Services and Licensing Committee.

(Reference: Report by Head of Planning and Regulatory Services dated June 2012, submitted)

8. BUSINESS CONTINUITY PROGRESS REPORT

Consideration was given to a report providing a note of progress on completing the action plan incorporated as Annex 1 in the report by Internal Audit entitled "Review of Business Continuity" dated December 2011. The report also provides a general overview of progress in completing the project plan for Business Continuity Planning.

Decision

The Committee:-

1. Noted the contents of the report;
2. Confirmed that all actions required by the report by Internal Audit "Review of Business Continuity" have now been closed, as detailed at Annex 1 of the report;
3. Noted the status of the project, as reflected in the project team progress report detailed at Annex 2 and described in section 4 of the report;
4. Agreed to request that a report be brought to the September 2012 meeting advising on progress with recovery plans for Adult Care services; and
5. Agreed to request a further update report for its meeting in December 2012 to confirm that arrangements for annual updating of recovery plans are in place in addition to other actions listed in section 5 of the report.

(Reference: Report by Executive Director – Customer Services, submitted)

9. CORPORATE GOVERNANCE IMPROVEMENT PLAN 2012 - 2013

A report detailing the Corporate Governance Improvement Plan and draft Joint Statement of Governance and Internal Control to accompany the 2011 – 2012 Annual Accounts was considered.

Decision

1. Noted the contents of the report;
2. Noted the following amendment to the Code of Corporate Governance

2011/2012 annual update:-

Code of Corporate Governance, in respect of Demonstrating Compliance, the word “all” should be replaced with the word “eligible” in the following sentence which is detailed at sections 5.1.1, 5.1.2, 5.2.1, 5.2.2 and 6.3.1 of the Code –

“Development and performance review process in place for all employees, with training and development plans.”

3. Approved the Corporate Governance Action Plan 2012/2013 subject to the following amendment:-

Corporate Governance Plan 2012/2012, Ref CG – 3 – the key date for Further development of PPMF should be 31 March 2013 (not 31 March 2012).

(Reference: Joint report by Executive Director – Customer Services and Head of Strategic Finance, submitted)

10. INTERNAL AUDIT ANNUAL REPORT 2011 - 2012

Internal Audit has the responsibility to provide to the Audit Committee an Annual Report that comments on the duties and audits undertaken by the section throughout the financial year. The annual internal audit report and the allocation of expended audit days for 2011 – 2012 were before the Committee for consideration.

Decision

Approved the Internal Annual Audit Report for 2011 – 2012.

(Reference: Report by Chief Internal Auditor dated 30 May 2012, submitted)

11. ANNUAL REPORT BY AUDIT COMMITTEE 2011 - 2012

In compliance with the CIPFA Code of Practice for Internal Audit in Local Government (the Code) a draft annual Audit Committee report has been prepared and was before the Committee for consideration. The report from the Chair and Vice Chair summarises the work of the Audit Committee during the year and outlines its view of the Council’s internal control framework, risk management and governance arrangements.

Decision

Noted and approved the contents of the latest draft of the Audit Committee Annual report for 2011 – 2012.

(Reference: Report by Chief Internal Auditor dated 21 May 2012 and draft Annual Report by Audit Committee 2011 – 2012, submitted)

12. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2012 - 2013

An interim progress report covering the audit work performed by Internal Audit as at 31 May 2012 was considered.

Decision

Approved the progress made with the Annual Audit Plan for 2012 – 2013.

(Reference: Report by Chief Internal Auditor dated 20 June 2012, submitted)

13. EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2012 - 2013

Internal Audit documents the progress made by departmental management in implementing the recommendations made by both External Audit and Internal Audit. A report detailing the results from a review performed by Internal Audit for recommendations due to be implemented by 31 May 2012 was considered.

Decision

Noted and approved the contents of the report.

(Reference: Report by Chief Internal Auditor dated 7 June 2012, submitted)

14. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2011 - 2012 & 2012 - 2013

A report detailing final reports, summaries and action plans (where applicable) from recent audits was considered.

Decision

1. Noted the contents of the reports in respect of the following audits and that these will be followed up by Internal Audit:-
 - (a) Development and Infrastructure Services – Review of Dangerous Buildings Procedures;
 - (b) Development and Infrastructure Services – Fleet Management;
 - (c) Chief Executive's Unit, Strategic Finance – Review of Treasury Management;
 - (d) Chief Executive – General Ledger;
 - (e) Chief Executive – Budget Preparation and Control;
 - (f) Chief Executive's Unit, Strategic Finance – Review of Contract Hire and Operating Leases;
 - (g) Customer Services – Review of Tendering Procedures;
 - (h) Review of Resourcelink; and
 - (i) Chief Executive's Unit – Review of Year End Stock
2. Noted that the Council's overall approach to Procurement and Commissioning will be reviewed by Internal Audit during 2012/2013.

(Reference: Report by Chief Internal Auditor dated 20 June 2012 and updated cover report and appendix 1 dated 26 June 2012, submitted)

Councillor Maurice Corry joined the meeting at 12.30 pm during discussion of the foregoing item.

15. AUDIT COMMITTEE - SELF ASSESSMENT DAY

The Audit Committee undertook a self assessment day on 21 January 2011. The Away Day allowed Members to concentrate fully on its present and future role within the Council and the day was augmented by presentations and topic discussion. As the Audit Committee commences a new year with changed membership, the January 2011 report was attached for consideration.

Decision

1. Noted the contents of the report;
2. Agreed that Audit Committee Principle Training by CIPFA should be arranged as soon as possible; and
3. Agreed that the next Self Assessment Day should take place towards the end of February 2013 in advance of the Audit Committee meeting scheduled to take place in March 2013.

(Reference: Report by Chief Internal Auditor dated 30 May 2012, submitted)

16. AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE 2011 - 2012

A report advising of recently published reports by Audit Scotland entitled "Community and Social Care", "An Overview of Local Government in Scotland" and "Commonwealth Games 2012, 2nd Position Statement" was considered. Each report except the national report on the Commonwealth Games 2014 contains a checklist for which a management response has been provided.

Decision

Noted the contents of the report and that this will be followed up by Internal Audit.

(Reference: Report by Chief Internal Auditor dated 20 June 2012, submitted)

17. NATIONAL FRAUD INITIATIVE (NFI) - NATIONAL EXERCISE 2010/11

A report providing the current position of National Fraud Initiative match investigations as at 22 May 2012 was considered.

Decision

Noted the contents of the report and that this will be followed up by Internal Audit.

(Reference: Report by Chief Internal Auditor, submitted)

18. RISK MANAGEMENT

A report updating the Audit Committee on progress and issues related to risk management, highlighting the progress made in relation to the action points within the 2011/12 Risk Management Action Plan (RMAP) and detailing the proposed 2012/13 RMAP was considered.

Decision

1. Noted the Argyll and Bute risk management systems are assessed as 'working'; and
2. Noted the draft 2012/13 RMAP and the outcome of the year end risk assurance review.

(Reference: Report by Head of Strategic Finance dated 21 June 2012, submitted)

19. ASSURANCE AND IMPROVEMENT PLAN 2012 - 2015

The Local Area Network of external scrutiny bodies has recently completed its annual Shared Risk Assessment review of the Council and updated the Assurance and Improvement Plan accordingly. The Plan outlines the current level of audit and inspection risk within the Council and sets out proposed external scrutiny for a rolling three year period. A copy of the updated Assurance and Improvement Plan which was previously presented to the Council on 14 June 2012 was before the Committee for consideration.

Decision

1. Noted the annual Assurance and Improvement Plan update and, in particular, the positive comments on the Council's improvement progress and reduction in risk; and
2. Noted that areas identified as risks or uncertainty will continue to be addressed through the Council's ongoing improvement agenda.

(Reference: Report by Chief Executive dated 6 June 2012 and Assurance and Improvement Plan update 2012 – 2015, submitted)

20. UNAUDITED ACCOUNTS 2011 - 2012

The Committee considered a report on the Unaudited 2011 – 2012 Annual Accounts which had previously been considered by the Council on 28 June 2012.

Decision

Noted the unaudited 2011 – 2012 Annual Accounts.

(Reference: Report by Head of Strategic Finance dated 20 June 2012 and Unaudited Accounts for the period 1 April 2011 – 31 March 2012, submitted)

21. CORPORATE PERFORMANCE AUDITS 2011 - 2012

A report covering the work undertaken by Internal Audit in respect of Corporate Performance Audits was considered.

Decision

1. Noted the contents of the report and that this will be followed up by Internal Audit; and
2. Agreed that a progress report be brought to the December 2012 Audit Committee meeting.

(Reference: Report by Chief Internal Auditor dated 27 June 2012, submitted)

22. REVIEW OF ADEQUACY OF THE INTERNAL AUDIT SERVICE 2011 - 2012

Audit Scotland's Code of Audit Practice (the Code) sets out the wider dimension of public sector audit. The Code requires external auditors to carry out an annual assessment of the adequacy of the internal audit function. A report advising on completion of this annual assessment and the areas of internal audit work that Audit Scotland plan to review was considered.

Decision

Noted the contents of the report and that this will be followed up by Internal Audit.

(Reference: Letter from Audit Scotland dated 31 January 2012, submitted)