

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD
on FRIDAY, 21 SEPTEMBER 2012**

Present: Mr Ian M M Ross (Chair)

Councillor Gordon Blair	Councillor Iain MacDonald
Mr Martin Caldwell	Councillor Duncan MacIntyre
Councillor Maurice Corry	Councillor Aileen Morton

Attending: Charles Reppke, Head of Governance and Law
Bruce West, Head of Strategic Finance
Ian Nisbet, Chief Internal Auditor
Tom Kerr, Senior HR Officer (for item 4)
Carolyn McAlpine, HR Officer (for item 4)
David Clements, Performance Manager (for item 5)
Fiona Mitchell-Knight, Assistant Director, Audit Scotland
David Jamieson, Senior Audit Manager
Russell Smith, Senior Auditor

Prior to consideration of business the Chief Executive extended a vote of thanks to Mr Ross in recognition of his time both as Chair and Vice Chair of the Audit Committee and presented a Quaich on behalf of the Provost and the Council on his retirement from the Audit Committee.

Mr Caldwell, also paid tribute to Mr Ross on behalf of the Audit Committee Members past and present.

Mr Ross thanked everyone for their kinds words and thanked Members and Officers for all their support over the years.

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Minutes of the Audit Committee meeting held on 29 June 2012 were approved as a correct record.

4. MANAGING ATTENDANCE 2011 - 2012

A report providing details of the Council's sickness absence levels for the financial year 2011 – 2012 was considered.

Decision

1. Noted the contents of the report; and

2. Noted that a copy of the new Maximising Attendance Policy would be brought to the next meeting of the Audit Committee along with a template of what will be reported to the Audit Committee in future taking on board comments made by Members in respect of long term and short term absenteeism, benchmarking with other local authorities and trends over the last 3 years.

(Reference: Report by Head of Improvement and Strategic HR, submitted)

5. PLANNING AND PERFORMANCE MANAGEMENT QUARTERLY REPORT

A report updating the Committee on the progress being made across the Council relating to the key elements of the Planning and Performance Management Framework was considered.

Decision

Noted the progress in relation to performance management and improvement across the Council.

(Reference: Report by Head of Strategic Finance, submitted)

6. REVIEW OF BUSINESS CONTINUITY PLANNING: ACTION PLAN PROGRESS

A report advising on progress on completing the Critical Activity Recovery Plans for the Council, with particular reference to Community Services was considered along with the final report of the project team detailing the outcomes achieved in relation to the project plan for Business Continuity Planning.

Decision

1. Noted the position in relation to progress in completing recovery plans for schools and other services within Community Services;
2. Endorsed the contents of the project report;
3. Requested a further update report for the next Audit Committee meeting in December to confirm that arrangements for Community Services generally and schools are on schedule for completion of recovery plans; and
4. With reference to paragraph 10.1.3 of the Action Plan, agreed that a report regarding staff taking ownership of Business Continuity Planning be brought back to the September 2013 meeting of the Audit Committee.

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

7. TREASURY MANAGEMENT AUDIT ASSURANCE

A report setting out information around the arrangements in place in relating to

management controls and risk for treasury management was considered.

Decision

Noted the contents of the report.

(Reference: Report by Head of Strategic Finance dated 5 September 2012, submitted)

8. PROGRESS REPORT ON INTERNAL AUDIT 2012 -2013

An interim progress report covering the audit work performance by Internal Audit as at 24 August 2012 was considered.

Decision

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

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

9. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2012 - 2013

A report detailing final reports, summaries and actions 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) Scoping for Development and Infrastructure Services systems health check, in respect of specific client identified systems;
 - (b) Capital Contracts Computer Replacement Management – Customer Services
 - (c) Review of Statutory Performance Indicators 2011/12
2. Noted that the report on Cash and Income will be brought to the Audit Committee in December along with a special investigations report.

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

The Committee resolved in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude the public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

10. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2012 - 2013

A report detailing a final report, summary and action plan from a recent audit carried out in respect of Payroll was considered.

Decision

Noted the contents of the report.

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

The press and public were invited back to the meeting.

11. 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 July 2012 was considered.

Decision

Noted and approved the contents of the report.

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

12. AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE 2012 - 2013

A report advising of recently published reports by Audit Scotland entitled (1) "National Scrutiny Plan for Local Government 2012/13" and (2) "Using cost information to improvement performance: are you getting it right" along with a management in respect of the second report was considered.

Decision

1. Noted the contents of the report and that these will be followed up by Internal Audit; and
2. Noted that the Chief Internal Auditor would provide to Members a copy of previous Local Area Network reports as agreed at their recent Development day.

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

Councillor Gordon Blair left the meeting.

13. EXTERNAL AUDIT REPORT: ISA 260

A report setting out the matters arising from the audit of the financial statements for 2011/12 that require reporting under ISA 260 was considered.

Decision

Noted the contents of the report.

(Reference: Report by Audit Scotland dated September 2012, submitted)

14. EXTERNAL AUDIT REPORT: MAINTAINING SCOTLAND'S ROADS

A report advising on progress on implementing the recommendations contained in Maintaining Scotland's roads follow up report published in the Accounts Commission and the Auditor General for Scotland in February 2011 was considered. In particular it examined changes in the condition of the road network since the original report was published; what is currently being spend on road maintenance; and how road maintenance is being managed. The severe winter weather of 2009/10 and 2010/11 had a severe impact on road surfaces and road budgets, and this report highlights the progress being achieved in delivering the required improvements in a difficult economic climate.

Decision

1. Noted the contents of the report and that these will be followed up by Internal Audit; and
2. Requested the Head of Roads and Amenity Services to attend the next meeting of the Audit Committee to report on the new suite of indicators that have been developed through the Roads Operations Service Review for inclusion in Pyramid in order to measure performance.

(Reference: Report by Audit Scotland dated August 2012, submitted)

15. EXTERNAL AUDIT REPORT: REVIEW OF INTERNAL CONTROL SYSTEMS

A report advising on a review carried out by Audit Scotland to evaluate whether the key internal controls operating within the main financial systems of the Council are adequate so as to enable Audit Scotland to place reliance on them when forming an opinion on the 2011/12 financial statements was considered.

Decision

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

(Reference: Report by Audit Scotland dated June 2012, submitted)

16. RISK MANAGEMENT QUARTERLY UPDATE

A report updating the Committee on developments in relation to risk management over the last few months was considered.

Decision

Noted the contents of the report.

(Reference: Report by Head of Strategic Finance dated 5 September 2012, submitted)

17. ANNUAL REPORT BY AUDIT COMMITTEE 2011 - 2012

In compliance with the CIPFA Code of Practice for Internal Audit in Local Government a draft annual Audit Committee report was presented to the Audit Committee on 29 June 2012 for review. The final annual report and the Committee's Terms of Reference were now before the Committee for consideration.

Decision

Noted and approved the contents of the report for submission to the Council.

(Reference: Report by Chief Internal Auditor dated 24 August 2012 and Annual Report by Chair and Vice Chair of Audit Committee 2011 – 2012, submitted)