

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBERS, KILMORY,
LOCHGILPHEAD
on FRIDAY, 15 MARCH 2013**

Present: Martin Caldwell (Chair)

Councillor Gordon Blair	Sheila Hill
Councillor Maurice Corry	Councillor Duncan MacIntyre

Attending: Bruce West, Head of Strategic Finance
Patricia O'Neill, Central Governance Manager
Ian Nisbet, Chief Internal Auditor
David Clements, Improvement and Organisational Development Programme Manager
David Jamieson, Senior Audit Manager, Audit Scotland

1. APOLOGIES FOR ABSENCE

An apology for absence was intimated from Councillor Morton as the change to the start time of the meeting meant she was unable to attend.

An apology for absence was also intimated from Councillor Iain MacDonald.

2. DECLARATIONS OF INTEREST

None declared.

3. MINUTES

The Minutes of the Audit Committee of 7 December 2012 were approved as a correct record.

4. 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 (PPMF) was considered.

Decision

1. Noted the progress made in relation to performance management and improvement across the Council in respect of the following:-
 - National Benchmarking project
 - Developing Single Outcome Agreement 2013-17
 - Additional Themed Scorecards
2. Requested that a report be brought to the Audit Committee in December 2013 on how risk is being measured, reported and reviewed across Argyll and Bute Community Planning Partnership.

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

5. REVIEW OF PLANNING AND PERFORMANCE MANAGEMENT FRAMEWORK

At its meeting in December 2012 the Audit Committee considered a report on the national review carried out by Audit Scotland on “Managing Performance – Are You Getting It Right?” The Council’s position in this is that the areas for improvement were being taken forward through the project on Productivity and Service Improvement as part of the Corporate Improvement Programme. A key element of this project is the review of the Council’s Planning and Performance Management Framework. The Audit Committee requested that an update on this review be reported to the Committee in March and this update was now before the Committee for consideration.

Decision

Noted the contents of the report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 8 March 2013, submitted)

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

A report advising of two recently published reports by Audit Scotland entitled “Health Inequalities in Scotland” and “Protecting Consumers” was considered.

Decision

1. Noted the contents of the report which will be followed up by Internal Audit;
2. Noted the Management response to the recommendations contained within the “Protecting Consumers” report;
3. Noted the potential for an increase in workload for the Citizens Advice Bureau arising from Welfare Reform; and
4. Noted that individual partners of the CPP have prepared an initial response to the “Health Inequalities in Scotland” report and that these are being brought together to create a unified response to the report recommendations which will be reported to the Audit Committee in June 2013.

(Reference: Report by Chief Internal Auditor dated 5 March 2013, submitted)

7. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2012 - 2013

An interim progress report covering the audit work performed by Internal Audit as at 8 February 2013 was considered.

Decision

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

(Reference: Report by Chief Internal Auditor dated 20 February 2013, submitted)

8. ANNUAL INTERNAL AUDIT PLAN 2013- 2014 - DRAFT

A report introducing the draft Annual Audit Plan for 2013/14 was considered.

Decision

Approved the draft Annual Audit Plan for 2013/14 and particularly noted the attention that had been paid in the analysis leading to this Plan in regard to Materiality, Risk, Control Effectiveness and Performance Management.

(Reference: Report by Chief Internal Auditor dated 4 March 2013, submitted)

9. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2012 - 2013

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

Decision

Noted the contents of the reports in respect of the following audits and that these will be followed up by Internal Audit:-

- (a) Treasury Management – Strategic Finance
- (b) General Ledger – Strategic Finance
- (c) Finance and Operating Leases – Strategic Finance
- (d) Capital Accounting – Strategic Finance
- (e) Review of Roads Costing System – Chief Executive's Unit
- (f) Review of Tendering – Customer Services
- (g) Creditors Review – Customer Services
- (h) Purchase Card Review – Customer Services
- (i) Business Continuity – Chief Executive's Unit

(Reference: Report by Chief Internal Auditor dated 5 March 2013, submitted)

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

A report detailing the results from a review performed by Internal Audit for recommendations due to be implemented by 31 January 2013 was considered.

Decision

Noted and approved the contents of the report.

(Reference: Report by Chief Internal Auditor dated 5 March 2013, submitted)

11. CORPORATE PERFORMANCE AUDITS 2012 - 2013

Audit Scotland published Best Value Toolkit guidance for Councils to enable them to assess their performance against defined criteria. An audit report was presented to the Committee in June 2012 on this basis and a report advising of progress regarding implementation of audit report recommendations was now before the Committee for consideration.

Decision

Noted the contents of the report which will be followed up by Internal Audit.

(Reference: Report by Chief Internal Auditor dated 7 March 2013, submitted)

12. RISK MANAGEMENT UPDATE

A report providing information on future development of the strategic risk register (SRR) and use of the SRR as a tool to support the work of the Audit Committee and also updating the Committee on ongoing developments in relation to risk management over the last few months was considered.

Decision

Noted the contents of the report and agreed to use on an ongoing basis the accompanying schedule of risk themes to provide an overview of progress in the continued development of an effective system of risk management.

(Reference: Report by Head of Strategic Finance dated 8 March 2013, submitted)

13. AUDIT COMMITTEE - AWAY DAY

The Audit Committee undertook a self assessment day on 22 February 2013. The day was used to establish how to further develop the Audit Committee purpose, role and remit. In addition the Audit Committee discussed their Development Programme and Terms of Reference. The Committee was addressed by Grant Thornton and the Chartered Institute of Public Finance & Accountancy (CIPFA) on key activities for an Audit Committee. A report covering the day's activities was before the Committee for consideration.

Decision

1. Noted the contents of the report which will be followed up by Internal Audit; and
2. Noted that the draft Terms of Reference for the Audit Committee will be brought to the June Committee for consideration.

(Reference: Report by Chief Internal Auditor dated 26 February 2013, submitted)

14. FINANCIAL STATEMENTS 2012 - 2013

A report advising the Committee on the plans in place for financial year end 31 March 2013 and the preparation of the Council's Financial Statements for 2012-13 was considered.

Decision

Noted that plans are in place to prepare the Council's financial statements, consistent with the Accounting Code of Practice, and submit them to Council

prior to 30 June 2013 in line with the Scottish Government's requirements.

(Reference: Report by Head of Strategic Finance dated 8 March 2013, submitted)

15. EXTERNAL AUDIT PLAN 2012 - 2013

A report summarising specific governance and other risks that may affect the financial statements of the Council, and setting out the audit work that Audit Scotland planned to undertake in respect of 2012/13 was considered.

Decision

1. Noted the contents of the report; and
2. Noted that letters received from Audit Scotland following the completion of External Audits will be circulated to the Audit Committee.

(Reference: Report by Audit Scotland dated March 2013, submitted)