

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBERS, KILMORY,
LOCHGILPHEAD
on FRIDAY, 25 SEPTEMBER 2015**

Present:

Martin Caldwell (Chair)

Councillor Michael Breslin
Councillor Maurice Corry

Councillor Richard Trail
Sheila Hill

Attending:

Steve Barrett, Interim Head of Strategic Finance
Kevin Anderson, Chief Internal Auditor
Peter Cupples, Finance Manager
Douglas Hendry, Executive Director – Customer Services
Graeme Forrester, Area Committee Manager
Jane Fowler, Head of Improvement and HR
Rona Gold, Community Planning Manager
Samantha Quarton, Community Planning Officer
Fiona Mitchell-Knight, Audit Scotland
Russell Smith, Audit Scotland
David Jamieson, Audit Scotland

Prior to the start of the meeting the Chair took the opportunity to thank Steve Barrett for his contribution in the work of the Audit Committee and Council as Interim Head of Strategic Finance and wished him all the best for the future. It was noted that Kirsty Flanagan would take up the post of Head of Strategic Finance from 1 October 2015.

1. APOLOGIES FOR ABSENCE

An apology for absence was intimated on behalf of Councillor Iain S MacLean.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES

The Minutes of the Audit Committee of 19 June 2015 were approved as a correct record.

Councillor Michael Breslin sought clarification on the decision of the committee to note Item 4: Progress Report on ADP Partnership. The Chairman provided clarification.

It was brought to Members attention that under Item 10 “Feedback Analysis – Audit Committee Effectiveness Session/Audit Committee Development Plan 15 – 16” that a combined report by the Chairs of the Audit Committee and Performance Review and Scrutiny Committee (PRS) on the protocols for forwarding/co-ordinating Audit reports to PRS would now be brought to the December meeting of the Committee.

Also under Item 17 “National Fraud Initiative in Scotland” members were informed that the 2015 NFI report would be available in June 2016.

Decision

The Committee noted the position.

4. PERFORMANCE MANAGEMENT REPORTING - UPDATE

The Committee considered a report which provided the Audit Committee with an annual update on progress against the process for scrutiny of the council’s performance management processes and procedures previously agreed by the Audit Committee in June 2013.

Decision

The Audit Committee noted progress against the agreed scrutiny process for the council’s performance management system and procedures.

(Reference: Report by Executive Director – Customer Services dated 25 September 2015, submitted)

5. REVIEW OF COMMUNITY PLANNING PARTNERSHIP GOVERNANCE

The Committee considered a report which informed the Audit Committee of the 2014/15 review of governance arrangements for the Argyll and Bute Community Planning Partnership (CPP).

Members praised the progress being made on CPP Management Committee membership and improvements in reporting of meeting highlights.

Decision

The Audit Committee noted the contents of the report.

(Reference: Report by Executive Director – Community Services dated 25 September 2015, submitted)

6. REVIEW OF CHORD ACTION PLAN

The Committee considered a report which updated Members on progress of the action plan agreed after the Internal Audit Review of CHORD 2014 / 15.

Discussion took place on Prince 2 methodology and the role of project boards.

Decision

The Audit Committee;

- (i) noted the successful completion of the actions taken under the action plan agreed after the Internal Audit Review of CHORD 2014/15; and

- (ii) agreed to remove the item Review of CHORD Action Plan from the Committee Work Plan 2015 – 16.

(Reference: Report by Executive Director – Customer Services dated 25 September 2015, submitted)

7. TREASURY MANAGEMENT ASSURANCE REPORT

The Committee considered a report which outlined the management arrangements and audit activities in place relating to the Council's treasury function to provide assurance to the Audit Committee that the risks and controls related to the Council's treasury activities were properly managed.

It was noted that a training course was being arranged for Members on Treasury Management, and details on this would be provided in due course.

Decision

The Committee noted the report.

(Reference: Report by Interim Head of Strategic Finance dated 25 September 2015, submitted)

8. AUDITED FINANCIAL ACCOUNTS

The Committee considered a report which set out the outcome of the External Auditors, Audit Scotland audit of the Council's financial statements for 2014 – 15.

Decision

The Committee approved the Annual Accounts for signature and that they be submitted to Council for approval.

(Reference: Report by Interim Head of Strategic Finance dated 25 September 2015, submitted)

9. EXTERNAL AUDIT ANNUAL REPORT

The Committee considered: the proposed annual audit report to Members and the Controller of Audit in accordance with ISA260 International Standard on Auditing; and a draft letter of representation under ISA 580 to be signed and returned by the Accountable Officer with signed financial statements prior to the independent auditor's opinion being certified.

External Auditors gave Members an overview of each of the main subject areas within the report, being;

- audit of the 14/15 financial statements
- financial management and sustainability
- governance and transparency
- best value; and
- outlook

No issues of substantive concern were raised. Members noted that the annual audit report would be issued in final form after the financial statements had been certified.

Consideration was also given to a separate ISA260 report in relation to the audit of Charitable Trusts administered by Argyll and Bute Council.

Decision

The Audit Committee noted the contents of the reports and the draft letters of representation under ISA 580.

(Reference: Reports by Audit Scotland dated 25 September 2015, submitted)

10. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee considered a report which provided a summary of Internal Audit activity and progress during Quarter 2.

Members were given an update on the number of National Fraud Initiative Matches as being 315 matches completed with 141 in progress. These are to be completed by 30 September 2015.

Decision

The Committee noted the content of the report.

(Reference: Report by Chief Internal Auditor dated 25 September 2015, submitted)

11. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2015 - 2016

The Committee considered a report which provided executive summaries and details on 8 audits that had been undertaken by Internal Audit and the recommendations that had been identified as a result of these audits.

In depth discussion took place on the Health and Social Care Integration internal audit and the workload which required to be completed by 1 April 2016.

Decision

The Committee noted the content of the summary report and detail within each individual report in respect of the following audits;

- Airports
- LEADER
- FLAG
- Education
- Electronic Signatures
- Health and Social Care Governance
- Planning Enforcement
- Single Outcome Agreement

(Reference: Report by Chief Internal Auditor dated 25 September 2015, submitted)

12. EXTERNAL & INTERNAL AUDIT REPORT FOLLOW UP 2014 - 2015

The Committee considered an Internal Audit document on the progress made by departmental management in implementing the recommendations made by both External Audit and Internal Audit. The report and attached appendices were the results of a review performed by Internal Audit for recommendations due to be implemented by 31 July 2015.

Discussion took place in relation to an instance of non-compliance in respect of a previous audit finding which was referenced within the report. The Executive Director of Customer Services provided Members with a management response in respect of the issues raised.

Decision

The Committee noted the content of the report.

(Reference: Report by Chief Internal Auditor dated 25 September 2015, submitted)

13. AUDIT COMMITTEE DEVELOPMENT PLAN

The Committee considered a report which provided a summary and update of progress with Development Plan action points.

Decision

The Committee noted the report and content of 15/16 Audit Committee development plan.

(Reference: Report by Vice Chair Audit Committee dated 25 September 2015, submitted)

14. AUDIT COMMITTEE WORKPLAN

The Committee considered the outline workplan to facilitate forward planning of reports to the Audit Committee.

Members were informed that the Risk Management Annual Assurance Report would be brought to the December meeting of the Audit Committee.

Decision

The Committee noted the workplan.

(Reference: Report by Executive Director – Customer Services dated 25 September 2015, submitted)