

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBERS, KILMORY,
LOCHGILPHEAD on FRIDAY, 4 DECEMBER 2015**

Present: Martin Caldwell (Chair)

Councillor Michael Breslin
Councillor Maurice Corry

Councillor Richard Trail
Sheila Hill

Attending: Kirsty Flanagan, Head of Strategic Finance
Kevin Anderson, Chief Internal Auditor
Anne McColl-Smith, Procurement and Commissioning Manager
Emma Green, Purchasing Officer
Graeme Forrester, Area Committee Manager
Grace Scanlin, Grant Thornton
Russell Smith, Audit Scotland

The Chair welcomed Kirsty Flanagan to her first meeting of the Audit Committee in her role as Head of Strategic Finance.

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated on behalf of Councillor Iain S MacLean and Councillor Iain Angus MacDonald.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

3. MINUTES

The Minutes of the Audit Committee of 25 September 2015 were approved as a correct record.

Following a query, it was noted that a date for the Treasury Management training course had yet to be fixed, but confirmed that it would held early in 2016.

Decision

The Committee noted the position.

4. EXTERNAL AUDIT PROGRESS REPORT

Russell Smith, Audit Scotland gave a verbal report on external audit progress which included Best Value follow up; Housing Benefit Subsidy Review; and Planning and Risk Assessment.

He informed the Committee that the Argyll and Bute Council Best Value Follow-Up Audit 2015 progress report was on the agenda for consideration at the Accounts Commission meeting being held on Thursday 10 December 2015. It was confirmed

that the report had been fully discussed by senior council officers prior to submission.

It was noted that the Audit Scotland Annual Audit Plan 2015 – 16 would be submitted to the next meeting of the Audit Committee.

Decision

The Committee noted the position.

5. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee considered a report which detailed the Internal Audit Activity and progress during Quarter 3 against the following areas;

- 15/16 Audit Plan Progress
- Individual Audits Undertaken
- Continuous Monitoring Programme Testing
- National Fraud Initiative
- Development Plan; and
- Performance indicators.

Decision

The Committee noted the content of the report.

(Reference: Report by Chief Internal Auditor dated 4 December 2015, submitted)

6. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2015 - 2016

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

The Procurement and Commissioning Manager was invited to give detailed background information on the PECOS purchasing system, the processes involved with its operation, and the roles and responsibilities of authorised users.

It was noted that the action targets for 30 November 2015 had been completed - and measures put in place to streamline the number of authorised users, decrease “workarounds” and to increase the proportion of spend through PECOS.

During discussion it was also noted that a report proposing a review of assurance levels would be brought to the next meeting of the Audit Committee.

Decision

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

- Procurement (PECOS)
- Taxi Licensing

- Tendering
- Performance Management
- Risk Management
- Education Attainment – Looked after Children; and
- Early Years.

(Reference: Report by Chief Internal Auditor dated 4 December 2015, submitted)

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

The Committee considered a report which documented the progress made by departmental management in implementing the recommendations made by both External Audit and Internal Audit.

Decision

The Committee noted the content of the report.

(Reference: Report by Chief Internal Auditor dated 4 December 2015, submitted)

8. DRAFT ANNUAL AUDIT PLAN 2016/17

The Committee considered a report which introduced the draft Annual Audit Plan for financial year 2016/17.

During discussion it was noted that the post of Section 95 Officer for the Integrated Joint Board was to be advertised within the Council and the Health Board in the near future.

Decision

The Committee:

- (i) noted the report; and
- (ii) agreed that any additional comments on the Draft Annual Audit Plan should be submitted to the Chief Internal Auditor no later than 10 January 2016.

(Reference: Report by Chief Internal Auditor dated 4 December 2015, submitted)

9. RISK MANAGEMENT OVERVIEW

A report which provided an update in relation to the undernoted risk management areas of activity was considered;

- Strategic Risk Register
- Risk Appetite
- Operational Risk Registers
- CIPFA Benchmarking
- Annual Assurance Statement review
- Annual review of Policy, Strategy and Guidance; and
- Risk Management Action Plan.

Decision

The Committee noted the:

- (i) content of the report; and
- (ii) continued good progress in respect of integrating and embedding risk management.

(Reference: Report by Head of Strategic Finance dated 4 December 2015, submitted)

10. STRATEGIC RISK ASSURANCE MAPPING EXERCISE

The Committee considered a report which set out internal audit's assessment of the sources of assurance for the Audit Committee on the management of the Council's strategic risks.

The Chair pointed out that it was the role of the Audit Committee to ensure that all relevant risks for a particular process had been taken into account to enable Councillors to make fully informed decisions.

Decision

The Committee:

- (i) noted the Risk Assurance Map at Appendix A of the report; and
- (ii) considered the implications for the Internal Audit annual plans in 2016-17 and 2017 – 18.

(Reference: Report by Grant Thornton, Audit Partners dated 4 December 2015, submitted)

11. AUDIT COMMITTEE DEVELOPMENT PLAN

The Committee considered a report which provided a progress update in respect of the Audit Committee Development Plan Action Points.

It was noted that discussions were taking place at officer level with the Chairs of the Audit Committee and the Performance Review and Scrutiny Committee to further develop links between the Committees. A report on this would be brought to the next meeting of the Audit Committee for approval.

Decision

The Committee:

- (i) noted the report and update of the 2015/16 Audit Committee Development Plan; and
- (ii) approved the removal of action points showing as complete.

(Reference: Report by Vice Chair, Audit Committee dated 4 December 2015, submitted)

12. AUDIT COMMITTEE WORKPLAN

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

Decision

The Committee noted the workplan and that the combined report by the Chairs of the Audit Committee and Performance Review and Scrutiny Committee would be brought to the next meeting of the Audit Committee on 11 March 2016.

(Reference: Report by Executive Director – Customer Services dated 4 December 2015, submitted)