

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD
on FRIDAY, 7 DECEMBER 2012**

Present: Mr Martin Caldwell (Chair)

Councillor Gordon Blair	Councillor Duncan MacIntyre
Councillor Maurice Corry	Councillor Aileen Morton

Attending: Patricia O'Neill, Central Governance Manager
Bruce West, Head of Strategic Finance
Jane Fowler, Head of Improvement and Strategic HR (for item 6 and 7)
Jim Smith, Head of Roads and Amenity Services (for item 4)
Ian Nisbet, Chief Internal Auditor
David Clements, Improvement and Organisational Development Programme Manager (for item 7)
Carolyn McAlpine, HR Officer (for item 6)
Kate Connelly, Trainee Solicitor (for item 5)
Fiona Mitchell-Knight, Assistant Director, Audit Scotland
David Jamieson, Senior Audit Manager, Audit Scotland
Russell Smith, Senior Auditor, Audit Scotland
Neil Robb, IT Auditor, Audit Scotland

1. APOLOGIES FOR ABSENCE

An apology for absence was intimated from Councillor Iain MacDonald.

2. DECLARATIONS OF INTEREST

None declared.

The Chair ruled, and the Committee agreed, to vary the order of business and consider the report regarding Maintaining Scotland's Scotland after the Minutes.

3. MINUTES

The Minutes of the Audit Committee meeting held on 21 September 2012 were approved as a correct record subject to the following amendment:-

Item 6 – Review of Business Continuity Planning: Action Plan Progress

A fourth decision should have been recorded to read "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".

The Committee resolved in terms of Section 50(A)(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 8 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

4. MAINTAINING SCOTLAND'S ROADS - FOLLOW UP WORK

Audit Scotland as part of a national exercise issued a report to the Council in August 2012 entitled "Maintaining Scotland's Roads – Follow Up Work". The report summarised the findings from their review of Roads and Amenity Services activities and contained two agreed recommendations and was presented to the Audit Committee in September 2012. At this meeting the Committee requested a report come forward to the December 2012 Audit Committee indicating progress with development of a new suite of indicators and this report was now before the Committee for consideration.

The Head of Roads and Amenity Services also responded to a number of questions from the Committee.

Decision

1. Noted the contents of the report;
2. Noted that Argyll and Bute Council benchmark their performance against Dumfries and Galloway, Aberdeenshire, Highland, Scottish Borders, Cumbria, Northumbria, North Yorkshire, Shropshire, Durham, Devon, Cornwall, Powys, Carmarthenshire and Pembrokeshire Councils;
3. Noted the Committee's interest regarding how the Council's achievements could be benchmarked against other local authorities; and
4. Noted that the Head of Roads and Amenity services will bring to the Audit Committee in September 2013 an Annual Roads Report currently being developed in line with the SCOTS project.

(Reference: Report by Head of Roads and Amenity Services, submitted)

The press and public were invited back to the meeting.

5. BUSINESS CONTINUITY PLANNING - UPDATE FOR COMMUNITY SERVICES

Consideration was given to a report advising on progress with completing the Critical Activity Recovery Plans within Community Services.

Decision

1. Noted the position in relation to progress in completing recovery plans for Community Services as detailed in Annex 1 of the report; and
2. Agreed to request Internal Audit to review a sample of the recovery plans in conjunction with Community Services to ensure that recovery plans now address the issues identified in the previous report by Internal Audit dated December 2011.

(Reference: Report by Executive Director – Customer Services dated 29 November 2012, submitted)

6. MANAGING ATTENDANCE 2011/2012

At the Audit Committee on 21 September 2012 the HR team were asked to return to the meeting in December with a standard format for future reports which included trend analysis, a more detailed breakdown of stress related absence and benchmarking performance with other Scottish local authorities. Consideration was given to an updated and amended version of the report presented to the Audit Committee in September which reflects these requested changes.

Decision

1. Noted the contents of the report and agreed the standard reporting format outlined in Table 1.
2. Noted the changes made to the original report presented to the Committee in September 2012 in relation to updates and corrections;
3. Noted the Maximising Attendance at Work Policy and that this will be updated to note that sickness absence management information previously reported to the Executive will now be reported to the Performance Review and Scrutiny Committee;
4. Agreed that Managing Attendance should continue to be reported to the Audit Committee on an annual basis.

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

7. 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

Noted the progress made in relation to performance management and improvement across the Council in respect of the following:-

- The Council's Annual Report 2011-12
- Service Annual Performance Reviews 2011-12
- Service Improvement Plans 2012-13
- Service Plans 2013-14
- Performance Review and Development
- Area Scorecards

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

8. AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE

A report advising of recently published reports by Audit Scotland entitled "Reducing Reoffending in Scotland" and "Managing Performance: Are You Getting it Right?" along with management responses in respect of these reports

was considered.

Decision

1. Noted the contents of the report which will be followed up by Internal Audit; and
2. Noted the issues highlighted in relation to reporting performance information and how this information is provided externally to the public and agreed that the Executive Director – Development and Infrastructure should bring to the Audit Committee in March 2013 a report providing an update on the review of the Council's Planning and Performance Management Framework.

(Reference: Report by Chief Internal Auditor dated 13 November 2012, submitted)

9. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2012 - 2013

An interim progress report covering the audit work performed by Internal Audit as at 2 November 2012 was considered.

Decision

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

(Report by Chief Internal Auditor dated 14 November 2012, 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 October 2012 was considered.

Decision

Noted and approved the contents of the report.

(Reference: Report by Chief Internal Auditor dated 14 November 2012, submitted)

11. CORPORATE PERFORMANCE AUDITS

Audit Scotland has published a number of Best Value (BV2) Toolkits as guidance for Councils to enable them to assess their performance against defined criteria. Internal Audit undertook an analysis of the BV2 toolkits with services in order to evaluate performance and a report on this was presented to the Audit Committee in June 2012. At this meeting the Committee requested that they be kept informed of progress with an update in December 2012 and a report in March 2013 and this update was now 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 Chief Internal Auditor will provide Councillor Morton with a copy of the report considered by the Audit Committee in June 2012.

(Reference: Report by Chief Internal Auditor dated 13 November 2012, submitted.)

12. NATIONAL FRAUD INITIATIVE (NFI) EXERCISE 2012 - 2013

Audit Scotland carries out data matching under 26A of the Public Finance and Accountability (Scotland) Act 2000 which provides that Audit Scotland may carry out data matching exercises, or arrange for them to be carried out on its behalf. The Audit Commission's NFI team carries out the matching work on their behalf. A report providing the current position regarding the Accounts Committee – Audit Scotland NFI exercise for 2012/13 was considered. This report details the steps recently taken by Internal Audit and services in preparation for the NFI referral matching exercise that will commence in January 2013.

Decision

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

(Reference: Report by Chief Internal Auditor dated 28 November 2012, submitted)

13. RISK MANAGEMENT UPDATE

A report advising 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 7 December 2012, submitted)

14. AUDITED ACCOUNTS 2011 - 2012

The external auditors, Audit Scotland, have completed their audit of the Council's accounts for the year to 31 March 2012. Consideration was given to the audited accounts incorporating the audit certificate for 2011-2012 which had been presented to the Council on 22 November 2012.

Decision

1. Noted the audited accounts and the terms of the audit certificate;
2. Noted that the Short Term Creditors figure recorded within Appendix 1 of the Head of Strategic Finance's covering report in respect of the Balance Sheet should read (3,082) and not (33,082); and

3. Noted that at page 39 of the Audited Accounts under paragraph 1.6.3 (b) Local Government Pension Scheme - the discount rate should read 4.8% and not 6.9%.

(Reference: Report by Head of Strategic Finance dated 1 November 2012 and Audited Financial Statements for the year ended 31 March 2012, submitted)

15. EXTERNAL AUDIT ANNUAL REPORT 2011 - 2012

Consideration was given to a report introducing the external auditors Annual Audit report for 2011/12 which had been presented to the Council on 22 November 2012.

Decision

The Committee -

1. noted the external audit Annual Report for 2011/12; and
2. thanked the External Auditors for the report and expressed their commitment to continue working closely with them over the coming year.

(Reference: Report by Head of Strategic Finance dated 1 November 2012 and Annual Report on the 2011/12 Audit by Audit Scotland dated October 2012, submitted)

16. EXTERNAL AUDIT REPORT - ICT SERVICE REVIEW 2011 - 2012

As part of Audit Scotland's risk based assessment carried out during the initial planning stage of Argyll and Bute Council audit, Information and Communication Technology (ICT) was identified as a priority area for review in 2011/12. A report summarising the findings of this review and identifying areas where the Council may be exposed to significant risk was considered.

Decision

1. Noted the contents of the report which will be followed up by Internal Audit; and
2. Noted that the target date in respect of Action Point 4 of the Action Plan will be amended to read "December 2013" instead of "ongoing".

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

17. 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) LEADER Funding – Annual Certification – Development and Infrastructure Services
- (b) Review of Fleet Management – Development and Infrastructure Services
- (c) CareFirst – Community Services
- (d) Review of Uniform System – Development and Infrastructure Services
- (e) Review of the Iken Case Management System – Customer Services
- (f) Review of Lagan Customer Service Centre System – Customer Services
- (g) Review of TOREX – Leisure Management System – Community Services
- (h) Review of Spydus Library Management System – Community Services

(Reference: Report by Chief Internal Auditor dated 13 November 2012, submitted)

The Committee resolved in terms of Section 50(A)(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.

18. 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) Cash, Income and Banking – Customer Services
- (b) Glencruitten Hostel Review – Community Services

(Reference: Report by Chief Internal Auditor dated 13 November 2012, submitted)