

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL  
CHAMBERS, KILMORY, LOCHGILPHEAD  
on TUESDAY, 27 JUNE 2017**

**Present:**

Martin Caldwell (Chair)

Sheila Hill  
Councillor Alan Reid

Councillor Sandy Taylor  
Councillor Andrew Vennard

**Attending:**

Kirsty Flanagan, Head of Strategic Finance  
Iain Jackson, Governance and Risk Manager  
Peter Cupples, Finance Manager  
Kevin Anderson, Chief Internal Auditor  
Graeme Forrester, Area Committee Manager  
David Meechan, Senior Auditor - Audit Scotland  
Ursula Lodge, Senior Manager - Audit Scotland

Welcoming Members to the first meeting of the Audit and Scrutiny Committee, the Chair made comment on the importance of attendance in order to engage as a team, and thereafter introductions were made.

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were intimated on behalf of Councillor Jim Findlay, Councillor Julie McKenzie, Councillor Sir Jamie McGrigor and Councillor George Freeman.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest intimated.

**3. MINUTES**

The minutes of the Audit Committee held on 24 March 2017 were approved as a correct record.

**4. AUDIT AND SCRUTINY COMMITTEE - TERMS OF REFERENCE**

The Committee considered a report which detailed that on 18 May 2017 Council agreed to introduce an Audit and Scrutiny Committee to take forward the functions of the previous Performance Review and Scrutiny Committee and the Audit Committee. Members were advised that the formation of the new committee requires an amendment to the Council's Constitution to the set terms of reference for the committee and requires Members and Officers to consider practice to ensure the functions of the new Audit and Scrutiny Committee are appropriately fulfilled. Members were invited to give feedback to the Area Committee Manager over the next few months in preparation of a draft Terms of Reference.

**Decision**

The Committee noted the current circumstances and considered the indicative timescales for development of terms of reference and practice for the Audit and Scrutiny Committee.

(Reference: Report by Executive Director, Customer Services dated 27 June 2017, submitted)

## **5. REVIEW OF CODE OF CORPORATE GOVERNANCE**

The Committee considered a report advising that the Council's Governance Group has reviewed the content of the local Code of Corporate Governance to reflect the governance position within the Council for 2016/17. The review allowed the Council to include a Statement of Governance and Internal Control in the Annual Accounts for 2016/17. Members further considered the action plan for 2017/18 prepared by the Governance Group.

### **Decision**

The Committee:

- i) approved the content of the revised Code of Corporate Governance for 2016/17;
- ii) approved the content of the Action Plan for 2017/18; and
- iii) approved the draft Statement of Governance and Internal Control for 2016/17.

(Reference: Report by Executive Director, Customer Services dated 27 June 2017, submitted)

## **6. INTERNAL AUDIT ANNUAL REPORT 2016/17**

A report providing the opinion that, subject to the matters listed in the Statement of Governance and Internal Control being actioned, substantial assurance can be taken that the systems of governance and internal control are operating effectively was considered by Members.

### **Decision**

The Committee noted the contents of the report.

(Reference: Report by Chief Internal Auditor dated 27 June 2017, submitted)

## **7. INTERNAL AUDIT SUMMARY OF ACTIVITIES**

The Committee considered a report which provided an update on Internal Audit activity during Quarter 1 against a number of areas which included;

- 2017/18 Audit Plan progress;
- Individual Audits undertaken;
- Continuous Monitoring Programme Testing;
- Internal Audit Development Plan; and
- Performance Indicators

### **Decision**

The Committee reviewed and endorsed the report.

(Reference: Report by Chief Internal Auditor dated 27 June 2017, submitted)

## **8. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2017/18**

The Committee considered a report which provided detail in respect of the following 6 audits:

- Crematorium;
- Additional Support Needs Analysis;
- Education Management Circulars;
- Civil Aviation Authority Compliance – Oban Airport;
- Health and Social Care Partnership Charging Orders; and
- Fees and Charges

The Committee noted that actions 2 and 3 in the Fees and Charges audit have implementation dates of November 2017.

### **Decision**

The Committee reviewed and endorsed the summary report and detail within each individual report.

(Reference: Report by Chief Internal Auditor dated 27 June 2017, submitted)

## **9. EXTERNAL & INTERNAL AUDIT REPORT FOLLOW-UP 2017/18**

The Committee considered a report and accompanying appendices which documented the results from a review performed by Internal Audit into the progress made by departmental management in implementing recommendations made by both External and Internal Audit, which were due to be implemented by 30 April 2017.

Of the overdue actions the Committee noted the 3 delayed but rescheduled dates were as a result of staff absence which has now been resolved and that there are 5 superseded dates, in relation to the review of the all-weather pitches. Responsibility for these will transfer to the Leisure Charitable Trust and Internal Audit will then undertake additional follow-up work to ensure any outstanding issues are being addressed in any new arrangements.

### **Decision**

The Committee reviewed and endorsed the report.

(Reference: Report by Chief Internal Auditor dated 27 June 2017, submitted)

## **10. INTERNAL AUDIT ANNUAL AUDIT PLAN 2017/18**

Consideration was given by the Committee to a report which presented the Internal Audit Risk Assessment and Annual Audit Plan for Argyll and Bute Council for the 2017/18 financial year.

### **Decision**

The Committee noted the contents of the report.

(Reference: Report by Chief Internal Auditor dated June 2017, submitted)

## **11. INTERNAL AUDIT CHARTER**

The Committee considered a report outlining the proposed changes to the Internal Audit Charter as a result of the recent revision of the Public Sector Internal Audit Standards.

### **Decision**

The Committee approved the updated Internal Audit Charter.

(Reference: Report by Chief Internal Auditor dated 27 June 2017, submitted)

## **12. AUDIT COMMITTEE ANNUAL REPORT 2016/17**

The Committee gave consideration to a report which provided an overview of the Audit Committee's activity during the financial year 2016/17 and provided detail on developing the scrutiny element of the new Audit and Scrutiny Committee.

### **Decision**

The Committee noted the report.

(Reference: Report by Chair of Audit and Scrutiny Committee dated June 2017, submitted)

## **13. UNAUDITED FINANCIAL ACCOUNTS**

Members considered a report which gave an overview of the Unaudited Annual Accounts for 2016/17 and a summary of the significant movements from 2015/16. The report also provided information on the revenue outturn for 2016/17.

### **Decision**

The Committee reviewed and endorsed the Unaudited Annual Accounts for the year ending 31 March 2017.

(Reference: Report by Head of Strategic Finance dated 27 June 2017, submitted)

## **14. EXTERNAL AUDIT REPORTS**

Consideration was given by the Committee to a report containing a summary of key issues identified during the interim audit work carried out at Argyll and Bute Council by Audit Scotland, which resulted from testing key controls within the financial systems in order to gain assurance over the processes and systems used in preparing the financial statements.

### **Decision**

The Committee noted the report.

(Reference: Report by Audit Scotland dated June 2017, submitted)

## **15. LOCAL SCRUTINY PLAN 2017/18 - AUDIT SCOTLAND**

The Committee considered a report which introduced the Local Scrutiny Plan for 2017/18 which set out the planned scrutiny activity at Argyll and Bute Council during financial year 2017/18 and was based on a shared risk assessment undertaken by a Local Area Network comprising of representatives of all scrutiny bodies who engage with the Council.

### **Decision**

The Committee noted the content of the Local Scrutiny Plan 2017/18.

(Reference: Report by Head of Strategic Finance dated 27 June 2017, submitted)