

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on TUESDAY, 19 MARCH 2019**

Present: Martin Caldwell (Chair)

Councillor Jim Findlay	Councillor Sandy Taylor
Councillor George Freeman	Councillor Richard Trail
Councillor Sir Jamie McGrigor	

Attending: Kirsty Flanagan, Head of Strategic Finance
Laurence Slavin, Chief Internal Auditor
Shona Barton, Area Committee Manager
Annemarie McLean, Compliance Officer
John Cornett, Director, Audit Scotland
Jim Rundell, Manager, Audit Scotland

The Chair notified the Committee of the sudden death of the previous Vice Chair, Sheila Hill and asked the Committee to join him in a moments silence to honour her and also the victims of the recent terrorist attacks in New Zealand.

1. APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting and in particular to John Cornett, Director of Audit Scotland and Annemarie McLean who will soon be joining the Audit team.

Apologies for absence were intimated on behalf of Councillor Andrew Vennard.

The Area Committee Manager advised of the request from Councillor Alan Reid to join the meeting by Skype. She outlined the protocol for Video Conferencing and advised that due to IT difficulties Councillor Reid was unable to join the meeting, she further advised of the efforts that were being made to meet the request.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minute of the Audit and Scrutiny Committee as held on Tuesday, 18 December 2018 was approved as a true record.

4. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee gave consideration to a report providing a summary of Internal Audit activity and progress during Quarter 4 of 2018/19 against a number of areas, which included:

- 2018/19 Audit Plan progress
- Additional audit team activity
- Continuous monitoring

- Internal Audit development plan
- Performance indicators

The Chief Internal Auditor highlighted an additional audit which has been requested, following receipt of correspondence, in relation to the Council's approach to Traffic Regulation Orders which would be a departure from the already agreed Internal Audit Plan. He advised that he was confident that resources are available to carry out this additional audit within the timescales requested. It was noted that the output of this audit would be reported to the June meeting of the Committee.

Decision:

The Audit and Scrutiny Committee agreed to endorse the report.

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted.)

5. INTERNAL AUDIT REPORTS TO AUDIT & SCRUTINY COMMITTEE 2018/19

The Committee gave consideration to a report containing the action plans in relation to the following 4 audits:

- Performance Management
- Environmental Health
- CareFirst
- Commercial Waste Management

Decision:

The Audit and Scrutiny Committee agreed to endorse the summary report and detail within each individual report.

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted.)

6. INTERNAL AUDIT REPORT FOLLOW-UP

The Committee gave consideration to a report and accompanying appendices which provided an update on all open actions as at 31 December 2018 including information on actions where the agreed implementation date has been rescheduled.

Decision:

The Audit and Scrutiny Committee agreed to endorse the contents of the report.

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted.)

7. EXTERNAL AUDIT ANNUAL PLAN

The Committee gave consideration to a report by Audit Scotland which outlined the audit plan for the 2018/19 financial statement. It highlighted the generic key risks; the reporting arrangements; the audit fee and the responsibilities of the Audit and Scrutiny Committee; the accountable officer and the appointed auditor.

Decision:

The Audit and Scrutiny Committee agreed to note the contents of the report.

(Reference: Report by Audit Scotland, dated 19 March 2019, submitted.)

8. 2019/20 INTERNAL AUDIT ANNUAL PLAN

The Committee gave consideration to a report which introduced the 2019/20 Internal Audit Annual Plan.

Decision:

The Audit and Scrutiny Committee agreed:

1. to note the change between the draft 2019/20 Internal Audit annual plan presented to the Committee in December 2018 and the proposed final 2019/20 plan; and
2. to approve the Internal Audit Annual Plan 2019/20 (Appendix 1).

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted)

9. INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL

The Committee gave consideration to a report outlining the proposed changes to the Internal Audit Charter and Internal Audit Manual, both of which had been updated to reflect changes in the working practices within Internal Audit and to better align them with the requirements of the Public Sector Internal Audit Standards (PSIAS).

Decision:

The Audit and Scrutiny Committee agreed:

1. to approve the amended Internal Audit Charter (Appendix 1); and
2. to approve the amended Internal Audit Manual (Appendix 2).

(Reference: Report by Chief Internal Auditor, dated 19 March 2019, submitted)

10. EXTERNAL AUDIT STATUS REPORT

The Committee gave consideration to an update report by Audit Scotland which outlined the Annual Audit Plan 2018/19; Governance work; Audit dimensions work; Best Value; Grant claims; Annual accounts audit and the National performance audit reports. Information in relation to the proposed audit programme for 2019/20 to 2023/24 was also provided.

Decision:

The Audit and Scrutiny committee agreed to note the contents of the update report.

(Reference: Report by Audit Scotland, dated 19 March 2019, submitted)

11. UNAUDITED ANNUAL ACCOUNTS 2018-19

The Committee gave consideration to a report advising of the plans in place for the financial year end 31 March 2019 and the preparation of the Council's Unaudited Annual Accounts for 2018-19. Information on the timetables for the closure of the Council's 2018-19 General Ledger, the Social Work Closedown and the Annual Accounts Preparation Plan was also provided.

Decision:

The Audit and Scrutiny Committee agreed to note that plans are in place to prepare the Council's Annual Accounts, consistent with the Accounting Code of Practice and submit them to Council prior to 30 June 2019 in line with the Scottish Government's requirements.

(Reference: Report by Head of Strategic Finance, dated 19 March 2019, submitted)

The Chair ruled and the Committee agreed, to adjourn for a ten minute comfort break at 1.05pm. The Committee reconvened at 1.15pm with all in attendance as per the sederunt.

.

12. AUDIT SCOTLAND REPORT - FINANCIAL OVERVIEW 2017-18

The Committee gave consideration to a report summarising the key points from Audit Scotland's Financial Overview 2017-18 report, which included commentary alongside the questions for Councillors to consider.

Having identified a possible learning opportunity for the Committee and Elected Members, the Chair and the Vice Chair agreed to have discussions in relation to the questions for Councillors to consider and take forward a development plan with the Head of Strategic Finance.

Decision:

The Audit and Scrutiny Committee agreed to note the key points from the Audit Scotland Financial Overview 2017-18 and the comments included in Appendix 1 alongside the suggested questions for Councillors.

(Reference: Report by Head of Strategic Finance, dated 19 March 2019, submitted.)

Councillor Jim Findlay left the meeting at 1.30pm during discussion of item 12 (Audit Scotland Report – Financial Overview 2017-18).

.

13. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Committee gave consideration to a report outlining the arrangements for managing the Council's treasury activities.

Decision:

The Audit and Scrutiny Committee agreed:

1. to endorse the approved Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within;
2. to note the use of Option 1 (statutory method) for the repayment of loan fund advances in respect of existing capital expenditure and new advances up to 31 March 2021 at an interest rate of 4.095%, with the exception of spend to save schemes where Option 4 (funding/income profile method) will be used; and
3. to note the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Reference: Report by Head of Strategic Finance, dated 19 March 2019, submitted)

14. AUDIT AND SCRUTINY COMMITTEE WORKPLAN

In order to facilitate forward planning of reports to the Audit and Scrutiny Committee Members considered the outline Audit and Scrutiny Committee workplan.

Decision:

The Audit and Scrutiny Committee agreed to note the outline workplan.

(Reference: Audit and Scrutiny Committee Workplan, dated 19 March 2019, submitted)