

**MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on TUESDAY, 19 SEPTEMBER 2017**

Present:

Martin Caldwell (Chair)

Sheila Hill	Councillor Sandy Taylor
Councillor Jim Findlay	Councillor Andrew Vennard
Councillor Julie McKenzie	

Attending:

Kirsty Flanagan, Head of Strategic Finance
Peter Cupples, Finance Manager
Jim Smith, Head of Roads and Amenity Services
Graeme Forrester, Area Committee Manager
David Meechan, Senior Auditor - Audit Scotland
Ursula Lodge, Senior Manager - Audit Scotland

The Chair welcomed Councillor Julie McKenzie and Councillor Jim Findlay to their first meeting of the Audit and Scrutiny Committee.

On behalf of the Committee the Chair thanked Kevin Anderson in his role as Chief Internal Auditor for all his assistance and expertise in assuring he left the Audit and Scrutiny Committee in a very strong position and stated he was looking forward to welcoming the new Chief Internal Auditor Laurence Slavin at the Committee's next meeting in December.

1. APOLOGIES FOR ABSENCE

Apologies for Absence were intimated on behalf of Councillor Alan Reid, Councillor George Freeman and Councillor Sir Jamie McGrigor.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest intimated.

3. MINUTES

The Minutes of the Audit and Scrutiny Committee held on Tuesday 27 June 2017 were approved as a correct record.

4. INTERNAL AUDIT SUMMARY OF ACTIVITIES

The Committee considered a report which provided an update on Internal Audit activity during Quarter 2 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 Head of Strategic Finance dated 19 September 2017, submitted)

5. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE 2017/18

The Committee considered a report which provided detail in respect of the following 7 audits:

- Client Accounts;
- Strategic Housing Fund;
- VAT;
- Piers and Harbours;
- LEADER;
- Travel and Subsistence; and
- Gifts and Hospitality.

In respect of the Piers and Harbour audit, the Committee noted that the findings indicated that there is no external representation on the Argyll and Bute Harbour Board contrary to British Ports Authority guidance and anticipated that consideration of this will be part of a review of the Harbour Board framework.

The Committee noted that the Performance Management audit was still in progress and will be brought to the next Audit and Scrutiny Committee meeting in December 2017.

Decision

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

(Reference: Report by Head of Strategic Finance dated 19 September 2017, submitted)

6. EXTERNAL & INTERNAL AUDIT 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 31 July 2017.

Decision

The Committee reviewed and endorsed the report.

(Reference: Report by Head of Strategic Finance dated 19 September 2017, submitted)

7. TREASURY MANAGEMENT ANNUAL ASSURANCE REPORT

Consideration was given by the Committee to a report setting out information around the arrangements in place relating to management controls and risk for treasury management. The purpose of the report is to provide assurance to the Audit and Scrutiny Committee that appropriate arrangements are in place.

The Committee noted that it is anticipated that there will be a Treasury Management Development session for all Councillors prior the annual Treasury Management Strategy going to Council in February 2018.

Decision

The Committee reviewed and endorsed the report.

(Reference: Report by Head of Strategic Finance dated 19 September 2017, submitted)

8. AUDITED FINANCIAL ACCOUNTS

The External Auditors, Audit Scotland, presented their completed audit of the Council's accounts for the year to 31 March 2017 to the Committee for consideration. The audited accounts incorporated the audit certificate for 2016/17 and contained no qualifications. Members noted that External Audit concluded that the accounts represented a true and fair view of the Council's financial position at the 31 March 2017.

Decision

The Audit Committee;

- a) approved the audited accounts for signature; and
- b) thanked all council staff involved and External Audit for their hard work in producing the accounts to meet a tight deadline.

(Reference: Report by Head of Strategic Finance dated 23 September 2016, submitted)

9. EXTERNAL AUDIT ANNUAL REPORT

The Committee considered the proposed 2016/17 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. A summary of each of the main subject areas within the report was given as follows;

- Audit of the 2016/17 annual accounts;
- Financial Management;
- Financial Sustainability;
- Governance and Transparency; and
- Value for Money.

Members noted that no issues of substantive concern were raised and once the financial statements had been certified the Annual Audit report would be issued in its final form.

Consideration was also given to a report on Charitable Trusts administered by Argyll and Bute Council reporting to those charged with governance on the 2016/17 audit. The Committee noted that references to the Norman Stewart Institute Trust were in error and will be removed in the final report.

Decision

The Audit and Scrutiny Committee reviewed and noted the draft Annual Audit report.

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

10. AUDIT & SCRUTINY COMMITTEE DEVELOPMENT PLAN

Consideration was given to a report which explained that on 18 May 2017 Council agreed to introduce an Audit and Scrutiny Committee to take forward the functions of the previous Audit Committee and the scrutiny functions of the previous Performance Review and Scrutiny Committee. The Audit and Scrutiny Committee was advised at its first meeting on 27 June 2017 that Members and Officers would be required to consider practice to ensure the functions of the new Committee are appropriately fulfilled. The report provided Members with a further update on the preparations for the holding of a development day and provided a framework for items for discussion.

Decision

The Audit and Scrutiny Committee;

- a) noted the current circumstances; and
- b) considered the framework of items for discussion at development session to be arranged.

(Reference: Report by Executive Director – Customer Services dated 25 August 2017, submitted)

11. AUDIT SCOTLAND'S ANNUAL UPDATE ON HOUSING BENEFIT PERFORMANCE 2016/17

Decision

The Audit and Scrutiny Committee noted the report.

(Reference: Report by Executive Director – Customer Services dated September 2017, submitted)

12. AUDIT & SCRUTINY COMMITTEE WORKPLAN

Decision

The Committee noted the draft workplan.

(Reference: Audit Committee Workplan dated 19 September 2017, submitted)

The Chair presented Sheila Hill with a bouquet of flowers and a quaich in recognition of her services to Argyll and Bute Council in her role as Vice-Chair of the former Audit Committee and the current Audit and Scrutiny Committee. The Chair expressed his thanks and that of the Committee for her support and her input in Member development and wished her well in her retirement.