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MINUTES of MEETING of AUDIT AND SCRUTINY COMMITTEE held in the COUNCIL CHAMBERS, KILMORY, LOCHGILPHEAD on TUESDAY, 19 JUNE 2018

Present:

Martin Caldwell (Chair)

Councillor George Freeman
Councillor Sandy Taylor

Councillor Richard Trail
Councillor Andrew Vennard

Attending:

Shona Barton, Area Committee Manager
Cleland Sneddon, Chief Executive
Kirsty Flanagan, Head of Strategic Finance
Jane Fowler, Head of Improvement and HR
Laurence Slavin, Chief Internal Auditor
David Meechan, Audit Scotland
Peter Worsdale, Audit Scotland
David Sullivan, Accountant
Sonya Thomas, Performance Management & Improvement Officer

The Chair welcomed Peter Worsdale, Audit Scotland, to the meeting and welcomed Councillor Richard Trail to his first meeting of the Audit and Scrutiny Committee.

The Chair ruled and the Committee agreed to vary the order of business and to consider additional item 20 of the agenda (Internal Audit Reports To Audit And Scrutiny Committee – Service Level Agreement ICT Report) after item 5 of the agenda (Internal Audit Reports To Audit And Scrutiny Committee 2018/19) by reason that the business at item 20 would have been included with the reports contained within item 5 had it been available at the time of publishing the agenda.

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated on behalf of Councillors Jim Findlay, Sir Jamie McGrigor and Alan Reid.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES

The Minutes of the Audit and Scrutiny Committee as held on 20 March 2018 were 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 1 against a number of areas, which included:

- 2017/18 Audit Plan completion
- 2018/19 Audit Plan progress
- Additional audit team activity

- Continuous monitoring
- Internal Audit development plan
- Performance indicators

Decision:

The Committee agreed to endorse the report.

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, 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 6 audits:

- Waste Management
- Trading Standards
- Purchasing Cards
- Psychological Services
- Street Lighting
- General Data Protection Regulation

Decision:

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

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, submitted.)

6. INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE - SERVICE LEVEL AGREEMENT ICT REPORT

The Committee gave consideration to a report containing action plans in relation to the Service Level Agreement (SLA) ICT.

Decision:

The Committee:-

1. agreed to endorse the SLA ICT report; and
2. agreed to confirm the completion of the 2017/18 internal audit plan.

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, submitted.)

7. INTERNAL AUDIT REPORT FOLLOW-UP 2017-18

The Committee gave consideration to a report and accompanying appendices which documented the results from a review performed by Internal Audit into the progress made by departmental management across all services in completing actions which were due to be implemented by 31 March 2018.

Decision:

The Committee endorsed the content of the report.

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, submitted.)

8. ARGYLL AND BUTE COUNCIL MANAGEMENT REPORT 2017/18

The Committee gave consideration to a report by Audit Scotland outlining the key issues identified during the interim audit work carried out at Argyll and Bute Council. This work included testing of key controls within financial systems to gain assurance over the processes and systems used in preparing the annual accounts. The report also detailed the progress of work on the audit dimension as required by the Code of Audit Practice, which focussed on financial management, financial sustainability and governance and transparency.

Decision:

The Committee agreed to note the contents of the report.

(Ref: Report by Audit Scotland, dated 19 June 2018, submitted.)

9. INTERNAL AUDIT ANNUAL REPORT 2017-18

The Committee gave consideration to a report outlining the work undertaken by Internal Audit in respect of the Annual Audit Plan 2017/18 and advising on the outcomes of the Chief Internal Auditor's independent annual opinion on the effectiveness of the Council's risk management, internal control and governance processes.

Decision:

The Committee agreed to endorse the content of the report and the associated annual opinion of the Chief Internal Auditor.

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, submitted.)

10. STRATEGIC RISK REGISTER

The Council's Constitution requires the Chief Executive to attend one meeting of the Audit and Scrutiny Committee per annum to report on how the Council is addressing its key strategic risks and other matters of interest. The Committee gave consideration to a report providing an update on the Council's Strategic Risk Register (SRR) and summarising recent revisions to the Council's risk management processes.

Decision:

The Committee agreed to endorse the updated Strategic Risk Register.

(Ref: Report by Chief Executive, dated 19 June 2018, submitted.)

11. LOCAL SCRUTINY PLAN 2018/19 - AUDIT SCOTLAND

The Committee gave consideration to a report introducing the Local Scrutiny Plan (LSP) 2018/19, setting out the planned scrutiny activity in Argyll and Bute Council during the financial year 2018/19 based on a shared risk assessment undertaken by a Local Area Network (LAN), comprising representatives of all scrutiny bodies who engage with the Council.

Decision:

The Committee agreed to endorse the content of the Local Scrutiny Plan 2018/19.

(Ref: Report by Head of Strategic Finance, dated 19 June 2018, submitted.)

12. COUNCILS' USE OF ARM'S-LENGTH ORGANISATIONS

The Committee gave consideration to a report by Audit Scotland outlining how Councils use arms'-length external organisations (ALEOs), how they oversee ALEOs, what ALEOs are achieving and the future direction of ALEOs together with recommendations that Audit Scotland have identified for Councils to follow to ensure compliance with the Public Pound principles (FtPP).

Decision:

The Committee agreed to note the contents of the report.

(Ref: Report by Audit Scotland, dated 17 May 2018, submitted.)

The Chair ruled and the Committee agreed to take a comfort break. The Committee adjourned at 12.55 pm and reconvened at 1.10 pm with all Members present as per the sederunt.

13. SCRUTINY MANUAL

The Committee gave consideration to a report presenting the Scrutiny Manual which provides guidance to council officers and elected members on the Council's approach to scrutiny.

Decision:

The Committee agreed to endorse the Scrutiny Manual.

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, submitted.)

14. 2018/19 SCRUTINY PLAN

The Committee gave consideration to a report presenting the proposed 2018/19 Scrutiny Plan.

Decision:

The Committee:-

1. agreed to approve the 2018/19 Scrutiny Plan;
2. agreed to endorse the Chief Internal Auditor's (CIA) proposal to reschedule the 2018/19 audit of roads maintenance into the 2019/20 internal audit plan;
3. agreed to advise the CIA of their interest in attending scrutiny training if an appropriate course is made available; and
4. agreed to endorse the CIA's proposal to conduct a review of lessons learned after the completion of the 2018/19 scrutiny plan to identify areas for improvement.

(Ref: Report by Chief Internal Auditor, dated 19 June 2018, submitted.)

15. COUNCIL PERFORMANCE REPORT - OCTOBER TO MARCH 2018

The Committee gave consideration to a report presenting the Council's performance report with associated scorecard for performance for FQ3 and FQ4 – October to March 2018.

Decision:

The Committee:

1. reviewed the Council report and scorecard as presented for the purposes of scrutinising the Council's performance; and
2. noted the changes made following the implementation of the Performance Improvement Framework and the planned improvements for 2018/19.

(Ref: Report by Chief Executive, dated 19 June 2018, submitted.)

16. LOCAL GOVERNMENT BENCHMARKING FRAMEWORK - ANALYSIS AND COMMENTARY

The Committee gave consideration to a report presenting the final Local Government Benchmarking Framework (LGBF) 2016/17 data for Argyll and Bute which included "Telling Our Story" and "Looking Forward" commentary from Heads of Service.

Decision:

The Committee:-

1. considered the contents of the report prior to the publication as part of the Council's statutory Public Performance Reporting duty;
2. agreed to send the report to a members' seminar to raise awareness and to better enable members to carry out their scrutiny function; and
3. agreed that the Audit and Scrutiny Committee would review the information provided in the report, feedback comments to the Head of Improvement and HR, and a report would come to the next meeting of the Committee on the indicators which have been identified with reference to the key data and the looking forward part of the report.

(Ref: Report by Executive Director of Customer Services, dated 19 June 2018, submitted.)

17. LOCAL GOVERNMENT IN SCOTLAND: CHALLENGES AND PERFORMANCE 2018

The Committee gave consideration to a report by the Accounts Commission on Local Government in Scotland Challenges and Performance 2018 providing information with a high level summary of areas of interest for the Audit and Scrutiny Committee.

Decision:

The Committee:-

1. agreed to note the report by the Accounts Commission; and
2. agreed to endorse the view that the Council is taking action in both its improvement and transformation agendas to address the issues in the recommendations section.

(Ref: Report by Executive Director of Customer Services, dated 19 June 2018, submitted.)

18. REVIEW OF CODE OF CORPORATE GOVERNANCE

The Committee gave consideration to a report advising that the Council's Governance Group has reviewed the action plan for 2017/18 and updated the content of the local code of corporate governance to reflect the governance position within the Council for 2017/18. The report also advised on the progress of the action plan for 2018/2019 and the statement of governance and internal control in the Annual Accounts for 2017/18.

Decision:

The Committee:-

1. agreed to approve the content of the revised Code of Corporate Governance for 2017/18;
2. agreed to approve the content of the Action Plan for 2018/19; and
3. agreed to approve the draft statement of governance and internal control for 2017/18.

(Ref: Report by Executive Director of Customer Services, dated 19 June 2018, submitted.)

19. UNAUDITED FINANCIAL ACCOUNTS

The Committee gave consideration to a report providing an overview of the Unaudited Annual Accounts for 2017-18 and a summary of the significant movements from 2016-17. Information on the revenue outturn for 2017-18 was also provided.

Decision:

The Committee:-

1. noted the draft unaudited financial accounts; and
2. noted that the audited accounts would be brought back to a future meeting for endorsement.

(Ref: Report by Head of Strategic Finance, dated 19 June 2018, submitted.)

20. AUDIT AND SCRUTINY COMMITTEE WORKPLAN

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

Decision

The Committee noted the workplan.

(Reference: Audit Committee Workplan dated 19 June 2018, submitted)

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