

FALKIRK COUNCIL

MINUTE of MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on TUESDAY 23 NOVEMBER 2010 at 1.30 p.m.

PRESENT:- Councillors Blackwood, Lemetti, C Martin and Patrick.

CONVENER: Councillor Patrick.

ATTENDING:- Chief Executive; Directors of Corporate & Neighbourhood Services, of Community Services and of Finance Services; Acting Director of Social Work; Head of Accountancy; Head of Educational Resources; Accountancy Services Manager; Audit Manager, and Democratic Services Manager.

ALSO

ATTENDING:- M Taylor and G Mcreadie (Audit Scotland)

DECLARATIONS

OF INTEREST:- None.

AC6. MINUTES

There was submitted (circulated) and **APPROVED:-**

- (a) Draft Minute of Meeting of the Audit Committee held on 22 March 2010; and
- (b) Draft Minute of Reconvened Meeting of the Audit Committee held on 10 June 2010.

AC7. UNDERSTANDING THE FINANCIAL STATEMENTS

D McGregor, Head of Accountancy, gave a presentation summarising the key features of the Council's Financial Statements. The presentation focussed on:-

- The Income & Expenditure Account
- The Statement of Movement in the General Fund Balance
- The Statement of Total Recognised Gains & Losses
- The Balance Sheet
- Group Accounts
- Other Important Accounts eg Council Tax Account

Discussion focussed on:-

- The pensions arrangements for the Police and Fire Boards
- The funding arrangements for the Joint Boards

- The cost to the council in preparing the various types of accounts required of it.

NOTED.

AC8. ANNUAL REPORT ON 2009/10 AUDIT

There was submitted Report (circulated) dated 1 November 2010 by the Director of Finance presenting (a) Audit Scotland's Annual Report to Members on the 2009/10 Audit; (b) Audit Scotland's Report to those charged with Governance on the 2009/10 Audit and (c) the Annual Report and Accounts 2009/10.

Discussion focussed on:-

- The proposed introduction of a separate audit of the Pension Fund and the likely cost to the Council of this
- The accounting of £3.4m of expenditure in relation to equal pay liabilities
- The membership of the Audit Committee and the progress made in appointing a lay Convener
- The scope to develop a more strategic set of high level outcome measures within the SOA whilst retaining ownership and focus
- The progress made against SOA performance indicators
- The auditing arrangements for the Pension Fund and the role of the Funds' advisors
- The value in partnership working during the current economic downturn and the potential benefits
- The outcome of the audit of the Council's procurement practices.

NOTED.

AC9. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) – PROGRESS REPORT

There was submitted Report (circulated) dated 27 October 2010 by the Director of Finance (a) on the progress made to date in the implementation of International Financial Reporting systems (IFRS) and (b) presenting a workplan to ensure full implementation by the deadline of 30 June 2011.

Discussion focussed on the accrual of annual leave and the makeup of the accrued annual leave.

NOTED.

AC10. INTERNAL AUDIT PROGRESS REPORT

With reference to the Minute of the meeting held on 22 March 2010 (Paragraph AC27 refers), there was submitted Report (circulated) dated 5 November 2010 by the Internal Audit Manager (a) summarising progress made towards completing the 2010/11 Internal Audit Plan, (b) advising of developments within the Internal Audit workplan, (c) detailing

progress made in implementing actions arising from the Audit programme and (d) highlighting Internal Audit's performance against established performance indicators.

Discussion focussed on:-

- Progress made towards completing the Audit Programme for 2010/11
- The flexibility of the Audit workplan to encompass unplanned work
- The findings of the Audit of Serious Organised Crime
- The “limited assurance” given to audits of Tremann Residential Unit and of travel and subsistence expenses and allowances
- The procedures for investigating allegations by the public with regard to service provision and fraud.

NOTED:-

- (1) the progress being made in completing planned work;
- (2) the recent Internal Audit developments;
- (3) the progress with work on following-up previous recommendations;
- (4) that a report on the impact of implementing Internal Audit recommendations will be provided to the March 2011 meeting of the Audit Committee; and
- (5) the performance against KPIs.