

FALKIRK COUNCIL

MINUTE of MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 21 MARCH 2011 at 9.30 a.m.

PRESENT:- R Stevenson; Councillors Coleman, Kenna, Lemetti and Patrick

CONVENER: R Stevenson

APOLOGIES: Councillors Blackwood and C Martin

ATTENDING:- Chief Executive; Directors of Community Services, of Corporate & Neighbourhood Services, of Development Services and of Education Services; Acting Director of Social Work Services; Head of Treasury and Investment; Internal Audit Manager and Democratic Services Manager

ALSO

ATTENDING:- B Crosbie (Audit Scotland)

DECLARATIONS

OF INTEREST:- None.

AC11. MINUTE

There was submitted (circulated) and **APPROVED** Draft Minute of Meeting of the Audit Committee held on 23 November 2010.

AC12. INTERNAL AUDIT PROGRESS REPORT

With reference to the Minute of the Meeting held on 23 November 2010 (para AC10 refers), there was submitted Report (circulated) dated 10 March 2011 by the Internal Audit Manager (a) summarising progress made towards completing the 2010/11 Internal Audit Plan (b) outlining the findings of the 'continuous' auditing of transactional systems (c) highlighting the impact of the implementation of Internal Audit recommendation within Services, and (d) detailing the performance of the Internal Audit Function.

Discussion focussed on:-

- the factors leading to the 'limited assurance' status following the audit of the Tremanna Residential Unit
- the factors leading to the 'limited assurance' status following the audit of the 'Education Services' School fund Accounts procedures together with a summary of the management response
- the consultancy service provided by Internal Audit in general and, in particular, with respect to the forthcoming HMIE review of Child Protection – Key Processes
- the outcomes of the reviews of Overtime and of Travel and Subsistence Expenses and Allowances and the impact of the recommendations on current year claims

- the impact on building security following an audit in 2009/09
- the process followed for finalising Audit Reports following the preparation of the draft audit report.

NOTED the:-

- (1) progress made in completing planned work;
- (2) work undertaken in relation to Continuous Auditing;
- (3) impact of the implementation of Internal Audit recommendations; and
- (4) performance of Internal Audit as measured against Key performance Indicators.

AC13. INTERNAL AUDIT PLAN 2011-2012

There was submitted Report (circulated) dated 10 March 2011 by the Internal Audit Manager presenting the proposed Internal Audit Plan 2011/12 and highlighting the reporting arrangements between Internal Audit and Services and the resources available to Internal Audit to undertake the proposed Plan.

Discussion focussed on:-

- the process for developing and agreeing the draft Audit Plan
- the need to build flexibility within the Plan to allow for revisions
- the reasons for building 'unallocated days' into the Plan
- the role of the Audit Needs Assessment in the development of the Plan
- the role of Internal Audit with regard to the review of the Tax Incremental Finance (TIF) Scheme
- the value to Services of Internal Audits role as a 'critical friend'
- the reporting timetable with regard to the audit of the Social Work Charging Policy
- the likely audit arrangements for the Falkirk Community Trust.

NOTED:-

- (1) the resources available to Internal Audit; and
- (2) that progress against the Plan will be reported to the Audit Committee in November and March, and summarised in an Annual Assurance Report

AGREED to approve the proposed Internal Audit Plan for 2011/12

AC14. AUDIT SCOTLAND REPORT – THE COST OF PUBLIC SECTOR PENSIONS IN SCOTLAND

There was submitted Report (circulated) by the Director of Finance (a) advising of a review, by Audit Scotland, on 'The cost of Public Sector Pensions in Scotland' (b) highlighting the key findings of the review together with the main recommendations (c) summarising areas which were not addressed within the Report, and (d) setting the review in the context of the forthcoming 'Hutton Report' on Public Sector Pensions and the Scottish Government's Pathfinder Review of Local Government Pension Schemes in Scotland.

Discussion focussed on:-

- the differential employee contributions across the public sector pension schemes
- the forthcoming audit of the Pension Fund
- the need to report the conclusions of the Pathfinder Review to Council and the likely impact on the Council's (and the Pension Fund's) governance arrangements.

NOTED.

AC15. CORPORATE GOVERNANCE ARRANGEMENTS – SYSTEMS OF INTERNAL CONTROL

There was submitted Report (circulated) by Audit Scotland presenting a final report on the Audit of Falkirk Council's Systems of Internal Control together with an action plan to address key risk areas highlighted in the Audit.

Discussion focussed on:-

- the authority to open bank accounts
- the Council's banking arrangements

NOTED.