

**AGENDA ITEM 3(b)**

**FALKIRK COUNCIL**

**MINUTE of SPECIAL MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 24 SEPTEMBER 2012 at 9.30 a.m.**

**PRESENT:-** R Stevenson; Provost Reid; Depute Provost Patrick; Councillors Black and Paterson.

**CONVENER:-** R Stevenson.

**ATTENDING:-** Chief Executive; Depute Chief Finance Officer; Heads of Resources & Procurement and of Educational Planning & Resources; Internal Audit Manager and Democratic Services Manager.

**ALSO**

**ATTENDING:-** A Craik and F Mitchell-Knight (Audit Scotland)

**AC1. APOLOGIES**

Apologies were received from Councillors Carleschi and Coleman.

**AC2. DECLARATIONS OF INTERESTS**

None.

**AC3. CORPORATE GOVERNANCE ARRANGEMENTS – KEY FINANCIAL SYSTEMS CONTROLS**

There was submitted Report (circulated) dated 23 August 2012 by the Chief Finance Officer (a) summarising the key findings of the External Auditor's Review of the Council's Key Financial Systems Controls, and (b) presenting the agreed action plan arising from the Review.

Discussion took place on :-

- the mitigating control measures in place for those areas where the identified risk was not accepted by management
- the rationale for writing off aged unidentified income
- the control mechanisms in place for the setting of borrowing levels
- the processes in place to identify when business properties are unoccupied

**NOTED.**

#### **AC4. INTERNAL AUDIT: ANNUAL ASSURANCE REPORT 2011/12**

There was submitted Report (circulated) dated 13 September 2012 by the Internal Audit Manager (a) highlighting the 2011/12 Internal Audit work, (b) providing an overall assurance on the Council's arrangements for risk management, governance, and control based on that work, and (c) summarising the assurances for the 22 audits carried out in 2011/12.

Discussion focussed on:-

- the resources available to Internal Audit and the working arrangements with External Audit
- the rationale for providing SUBSTANTIAL assurance on the Council's overall Framework of controls for the year to 31 March 2012
- the review of Severance arrangements and the main recommendations arising from the review
- the review of the Commissioning and Monitoring of Major School Improvement projects and the main recommendations arising from the review
- the relationship between Internal and External Audit
- the audit and scrutiny framework within which Local Authorities operate and the need for co-ordination to ensure value for money for the public purse
- the review of Procon Security and Management
- the review of Integrated Housing Management System Project Management Arrangements

#### **NOTED:-**

- (1) that sufficient Internal Audit activity was undertaken to allow a balanced assurance to be provided;
- (2) that Internal Audit was able to provide SUBSTANTIAL assurance on Falkirk Council's arrangements for risk management, governance, and control for the year to 31 March 2012;
- (3) that Audit Scotland will place formal reliance on the work of Internal Audit;
- (4) performance against Internal Audit Key Performance Indicators for the year to 31 March 2012
- (5) Internal Audit operates in compliance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

#### **AC5. ANNUAL GOVERNANCE STATEMENT 2011/12**

There was submitted Report (circulated) dated 13 September 2012 by the Chief Executive (a) advising of the arrangements for reporting on the Council's governance framework for the year ended 31 March 2012 and (b) presenting a draft Annual Governance Statement for approval.

Discussion focussed on:-

- the induction training for new members of the Council and the need to develop, in consultation with members, a continuous training programme
- the cost of providing agendas and reports to members and areas where efficiencies could be achieved
- the need to strike an appropriate balance in regard to the information provided to Committee members
- the background to the recommendation that Data Handling Registers are established across all Council Services
- the structure of, and information contained within, the draft Annual Assurance Statement

**AGREED** the draft Annual Governance Statement 2012 for inclusion in the Council's Annual Accounts 2011/12.

**AC6. REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2011/12 AUDIT, ISA 260 REPORT**

There was submitted Report (circulated) by the Chief Finance Officer (a) presenting the External Auditor's "Report to those charged with governance on the 2011/12 audit", and (b) advising that the Auditor's report is unqualified.

Discussion focussed on:-

- the methodology for valuing housing stock
- the impact on increasing employer's contribution on pension funds
- the process for auditing the Local Government Pension Scheme

**NOTED.**