

AGENDA ITEM 3(a)

FALKIRK COUNCIL

MINUTE of MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 12 MARCH 2012 at 9.30 a.m.

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

APOLOGIES:- Councillors C Martin, Blackwood and Lemetti.

CONVENER:- R Stevenson.

ATTENDING:- Chief Executive; Director of Social Work Services; Depute Chief Finance Officer, Head of Human Resources and Customer First, Head of Educational Planning and Resources; Internal Audit Manager; and Democratic Services Manager.

ALSO

ATTENDING:- A Craik and A Pow (both Audit Scotland)

DECLARATIONS

OF INTEREST:- None.

AC12. MINUTE

There was submitted (circulated) and **APPROVED** Draft Minute of Meeting of the Audit Committee held on 31 October 2011.

AC13. INTERNAL AUDIT PROGRESS REPORT

There was submitted Report (circulated) dated 2 March 2012 by Internal Audit Manager (a) presenting an update on progress with the 2011/12 Internal Audit Plan and (b) detailing information on the Internal Audit section's performance against established key performance indicators.

Discussion focussed on:-

- the process for making adjustments to the Internal Audit Plan;
- the process for following up on recommendations through planned and ad hoc activity;
- the position with regard to reviews where limited assurance was provided, namely Corporate Data Security and Transfer and Payment Card Industry Data Security Standards;
- proposals to establish an Information Officer post within the Council and the anticipated appointment timeline;
- the position of audits currently "in progress" and wider progress with completing the Internal Audit Plan.

NOTED the:-

- (1) progress made in completing planned work; and
- (2) performance against Key Performance Indicators.

AC14. INTERNAL AUDIT PLAN 2012/13

There was submitted Report (circulated) dated 2 March 2012 by the Internal Audit Manager presenting the proposed Internal Audit Plan 2012/13 highlighting (a) the respective responsibilities of the Internal Audit Manager and of the Audit Committee, (b) the resources available to Internal Audit and the process for developing the Plan, (c) planned Internal Audit coverage, and (d) the arrangements for reporting on Internal Audit work.

Discussion focussed on:-

- the process for developing and agreeing the draft Internal Audit Plan;
- the “back to basics” theme of the Internal Audit Plan;
- the current Audit Team establishment and available resources;
- planned 2012/13 Internal Audit activity ;
- the proportion of time allocated to the Central Scotland Joint Fire and Rescue Board and to the Falkirk Community Trust, and the arrangements in place to audit these bodies;
- the role of Internal Audit in fraud and corruption investigations; and
- proposals to review the Corporate Risk Register during 2012.

AGREED the Internal Audit Plan for 2012/13.

NOTED:-

- (1) the resources available to Internal Audit; and
- (2) that progress against the Plan will be reported to Audit Committee on an ongoing basis.

AC15. FALKIRK COUNCIL – ANNUAL AUDIT PLAN 2011/12

There was submitted Report (circulated) dated February 2012 by Audit Scotland (a) summarising the planned External Audit activity for 2011/12, (b) highlighting audit issues and risks, (c) presenting a summary assurance plan for specific risks, (d) detailing planned External Audit outputs and (e) advising of an audit fee of £333,973 for 2011/12.

Discussion focussed on:-

- the methodology for ensuring the continuity of Audit Plans;

- the role of External Audit in highlighting risks and in reviewing the processes in place to address such risks; and
- the Council's practice of not charging depreciation on its dwellings in terms of the treatment of its fixed assets, and the rationale for this approach.

NOTED the Annual Audit Plan 2011/12.

AC16. CORPORATE GOVERNANCE ARRANGEMENTS – KEY FINANCIAL SYSTEMS CONTROLS

With reference to the Minute of the Meeting held on 31 October 2011 (paragraph AC10 refers) there was submitted Report (circulated) dated 24 February 2011 by the Chief Finance Officer providing an update on the Action Plan arising from Audit Scotland's review of Key Financial Systems Controls.

Discussion focussed on:-

- factors contributing to delays in completing Actions 4 and 5; and
- the management response to Action Point 7.

NOTED the progress to date on the Action Plan.