

**FALKIRK COUNCIL**

**MINUTE of MEETING of the AUDIT COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on MONDAY 22 MARCH 2010 at 10.00 a.m.**

**PRESENT:** Councillors C Martin, Blackwood, Coleman, Lemetti, Patrick and Kenna.

**CONVENER:** Councillor C Martin.

**ATTENDING:** Chief Executive; Directors of Community Services, of Corporate and Neighbourhood Services, of Education Services and of Finance; Internal Audit Manager; Democratic Services Manager.

**ALSO**

**ATTENDING:** Assistant Director, Audit Scotland (M Taylor) and Senior Auditor, Audit Scotland (G McCreadie).

**DECLARATIONS**

**OF INTEREST:** None.

**AC25. MINUTE**

There was submitted (circulated) and **APPROVED** Minute of Meeting of the Audit Committee held on 16 November 2009.

**AC26. AUDIT COMMITTEE – ROLE OF INTERNAL AUDIT**

Gordon O'Connor, Internal Audit Manager, gave a presentation on the role of Internal Audit (IA) and the IA arrangements within Falkirk Council.

The presentation focussed on:-

- the role of Internal Audit (IA)
- how IA plans and undertakes its work
- the structure of IA within Falkirk Council.

Discussion focussed on:-

- the audit planning process
- the audit process
- the mechanisms by which issues can be referred to IA for review
- the need for IA to be flexible and to be able to address issues outwith its Annual Audit Plan
- the relationship between IA and elected members and with senior officials within the Council

- the nature of 'ad hoc' consultancy work undertaken by IA and their benefits to the IA team and to the Council in general
- the need for IA to not be influenced by management or by political considerations.

**NOTED.**

## **AC27. INTERNAL AUDIT PROGRESS REPORT**

With reference to the minute of the meeting held on 3 April 2009 (Paragraph AC4 refers), there was submitted Report (circulated) dated 15 March 2010 by the Internal Audit Manager (a) summarising progress made towards the completion of the 2009/10 Internal Audit Plan, (b) providing an update on Services' progress in implementing Internal Audit recommendations and (c) summarising the performance of Internal Audit as measured against its 5 key Performance Indicators.

Discussion focussed on:-

- the nature of the collaboration between IA and the Scottish Crime and Drug Enforcement Agency (SCDEA)
- the background to the replacement of programmed reviews with other, unplanned, reviews of Bed and Breakfast Arrangements, Building Maintenance Division Hired Small Plant, and of Social Work Intermediary Bank Accounts
- those audits where no or limited assurance had been identified and the reasons for this

**NOTED.**

## **AC28. INTERNAL AUDIT PLAN 2010/11**

There was submitted Report (circulated) dated 15 March 2010 by the Internal Audit Manager presenting the proposed Internal Audit Plan 2010/11 and detailing (a) the proposed Direct Audit Activity 2010/11, (b) the development of the proposed Audit Plan and (c) the planned Internal Audit coverage 2010/2011.

Discussion focussed on:-

- the background to the proposed audit of NPDO/PPP School Maintenance
- the advantage of collaborative work with partner agencies and in sharing expertise and experience with partner agencies
- the need for Internal Audit to maintain a focus between its own workload and other audit areas.

**NOTED:-**

- (1) the proposed Internal Audit coverage for 2010/11;
- (2) the resources available to Internal Audit; and
- (3) that progress against the Internal Audit Plan will be reported to the Audit Committee in November 2010 and March 2011, and summarised in an Annual Assurance Report.

**AC29. ANNUAL AUDIT PLAN**

There was submitted Report on the Annual Audit Plan 2009/10 (circulated) by Audit Scotland setting out an overview of the planned audit activity for 2009/10; including (a) an audit of the Council's financial statements; (b) reporting on the outcome of a shared risk assessment process; (c) a review of the Council's governance and performance arrangements and (d) an opinion on a number of grant claims and returns. The Report also presented (i) a Summary Assurance Action Plan; (ii) a Financial Statements audit timetable and (iii) details about the Audit team.

Discussion focussed on:-

- the planned audit action and assurance in relation to the move to International Financial Reporting Systems in 2010/11
- the audit of Common Good Assets and the identified risk
- the identified risk in relation to the overspend in the 09/10 budget and work to be undertaken in this area and in regards to Equal Pay

**NOTED.**

**AC30. AUDIT COMMITTEE – AUDIT SCOTLAND RECOMMENDATION AND APPOINTMENT OF LAY MEMBER**

With reference to the minute of meeting held on 16 November 2009 (paragraph AC 17 refers), there was submitted Report (circulated) dated 15 March 2010 by Chief Executive providing further information on (a) the chairing arrangements for Audit Committees in other Scottish Local Authorities and (b) the extent to which other Scottish Local Authorities had co-opted external members to their Audit Committee and, where this has been implemented, the nature of the appointments.

Discussion focussed on:-

- the need to address both the issues of the chair of the Committee and the advantages/disadvantages of co-opting external members to the Committee
- the mechanism by which the Report would be considered by full Council.

**AGREED** to refer the Report to Council on 28 April 2010 for consideration.