

**CORPORATE AND COMMUNITY PLANNING**  
**STANDING SCRUTINY PANEL.**

Minutes of meeting in County Buildings, Wellington Square, Ayr,  
on 22nd March 2012 at 10.45 a.m.

- Present: Councillors Brian Connolly (Chair), Sandra Goldie, Bill Grant, John Hampton, Mairi Low, Helen Moonie, Alec Oattes and Mike Peddie.
- Attending: V. Andrews, Head of Legal and Administration; C. Monaghan, Head of Policy, Performance and Communication; T. Baulk, Chief Accounting Officer; H. McLaughlin, Audit Services / Programme Review Manager; and Avril Gerrish Committee Services Officer.
- Also Attending: Councillor Robin Reid (Portfolio-holder); and D. Richardson, Audit Manager, Audit Scotland.

**1. Item for Call-in.**

The Panel noted that there had been no call-ins for this meeting.

**2. Minutes of previous meeting.**

**Decided:** to note the Minutes of the previous meeting of 23rd February 2012 (issued).

**AUDIT FUNCTION:-**

**3. Internal Audit Service – Follow-up of Internal Audit Reports – Progress Report.**

There was submitted a report (issued) of March 2012 by the Audit Services / Programme Review Manager

- (1) advising of the current status of Directorate progress regarding the implementation of Action Plans contained within internal audit reports;
- (2) informing that, as at 9th March 2012, five Action Plan points due to be implemented by 30th November 2011 were still outstanding and advising that two of these related to Housing Repairs Schedule of Rates and should be addressed as part of the ongoing review of that area with the remaining three having all been subject to agreed extensions of time with Internal Audit; and
- (3) intimating that since the previous meeting of this Panel, six reports had been issued and that a summary of these reports, excluding those for Community Councils, had been included as Appendices to the report.

**Decided:**

- (a) to note the progress of Directorates in the implementation of agreed Action Plan findings; and
- (b) to request the Audit Services / Programme Review Manager to submit agreed reports to future meetings of this Panel.

**4. Internal Audit Service - Annual Audit Plan 2011/12 – Progress Report.**

Reference was made to the Minutes of 26th May 2011 (Page 350, paragraph 3) when the Annual Audit Plan for 2011/12 had been approved and there was submitted a report (issued) of March 2012 by the Audit Services / Programme Review Manager advising

- (1) of the progress and current position of this Plan from 1st June 2011 to 2nd March 2012 and outlining the productivity of the section;
- (2) that a summary progress report showing actual activity, on a line by line basis against the original Audit Plan, was attached as an Appendix to the report;
- (3) that, this year, Internal Audit staff had been heavily involved in investigation work and, in the first part of the year, this commitment had required them to be diverted from working directly on areas in the Audit Plan with it now likely that some areas specified not being achieved in the current year and highlighting that this related mainly to areas identified in the Directorate Risk section of the Plan with those not completed being carried forward into the 2012/13 Annual Plan; and
- (4) that it was envisaged, however, that sufficient work would be carried out on the main core systems section of the Audit Plan to ensure that an annual assurance statement could be provided.

A question was raised by a Member of the Panel as how Internal Audit prioritise their work and the Audit Services / Programme Review Manager responded accordingly.

**Decided:**

- (a) to note the progress being made with the Annual Audit Plan;
- (b) to agree that uncompleted areas of the current year's Audit Plan be carried forward into the 2012/13 Annual Audit Plan; and
- (c) to request the Audit Services / Programme Review Manager to provide similar reports to future meetings of this Panel.

**5. Annual Audit Plan 2011/12.**

There was submitted a report (issued) of 12th March 2012 by the Executive Director – Corporate Services

- (1) advising that Audit Scotland had analysed the risks facing the Council and had planned the audit work accordingly;
- (2) informing that the Audit had gone beyond simply providing assurance on the financial statements and the organisation's internal control environment and that Auditors were required to provide a view on performance, regularity and the organisation's use of resources; and
- (3) indicating that, in carrying out the Audit, Audit Scotland sought to gain assurance that the Council:-
  - (a) had good corporate governance arrangements in place which reflected the three fundamental principles of openness, integrity and accountability;

- (b) had systems of recording and processing transactions which provided a sound basis for the preparation of financial statements and the effective management of its assets and interests;
- (c) prepared financial statements which gave a true and fair view of the financial position at 31st March 2012 and income and expenditure for the year then ended, in accordance with the Local Government (Scotland) Act 1973 and other applicable laws and regulations, including the 2011 "Code of Practice on Local Authority Accounting in the United Kingdom";
- (d) had systems of internal control which provided an adequate means of preventing or detecting material misstatement, error, fraud or corruption;
- (e) complied with established policies, procedures, laws and regulations;
- (f) proactively managed and reviewed its performance in line with its strategic and operational objectives; and
- (g) had made proper arrangements for securing best value in its use of resources and was complying with its community planning duties.

The Chair welcomed David Richardson, Audit Manager, Audit Scotland to his first meeting of the Panel. The Audit Manager then referred to the report which provided a summary of Audit Scotland's assessment of the key issues facing the Council as detailed in Appendix A and which outlined the planned audit action, taking account of management assurances with Appendix B detailing the financial statements' audit timetable.

Various questions and concerns were raised by Members of the Panel in relation to:- the approval of management assurances, National performance audit studies – impact and follow up; meeting the Scottish Housing Quality Standard by 2015; Corporate Governance; Equal pay claims and the practice and means of informing Elected Members of significant outcomes from Appeals etc.; continuing implementation of Oracle and the Bus Operators Grant and various Officers responded accordingly.

**Decided:**

- (i) to approve the management assurances and planned audit action contained in Appendix A of the Annual Audit Plan for 2011/12 by Audit Scotland; and
- (ii) to request
  - (A) regular updates on the progress being made to future meetings of this Panel;
  - (B) the Head of Community Care and Housing to provide an update on the progress of Scottish Housing Quality Standard to the next meeting of this Panel on 19th April 2012; and
  - (C) the Chief Accounting Officer to provide a note of the Bus Operators grant to Members of this Panel.

6. **Panel Work Programme - Procurement Working Group Update.**

Councillor Moonie provided an update in relation to the Panel Work Programme and the Procurement Working Group which had met recently to further consider the possible community benefits and approach that could be introduced in relation to the Kirkmichael Primary School build.

**Decided:** to note the current position.

The meeting ended at 12.10 p.m.