

MINUTE of MEETING of the AUDIT COMMITTEE of WEST LOTHIAN COUNCIL held within COUNCIL CHAMBERS, WEST LOTHIAN HOUSE, on TUESDAY 17 MARCH 2009.

Present – Councillors Frank Anderson (Chair), Martyn Day, Jim Dixon, Peter Johnston (substituting for Gordon Beurskens) and John McGinty.

Apologies – Councillor Gordon Beurskens.

In Attendance – Patricia Fraser and Ann-Marie McLaughlin (Audit Scotland).

1. APPOINTMENT OF CHAIR

In the absence of Councillor Beurskens, it was agreed that Councillor Anderson be appointed as Chair.

2. MINUTE

The Committee approved the minute of its meeting held on 11th December 2008 subject to the following additions:-

1. that Fiona Mitchell-Knight, Patricia Fraser and Ann-Marie McLaughlin from Audit Scotland were in attendance at the meeting; and
2. that, in relation to item 4 of the minute, Fiona Mitchell-Knight of Audit Scotland had addressed the Committee on the main points of the report, stating that the council had a clean report from its external auditors and had performed well, whilst facing the challenges which were outlined in the report. She advised that the council should monitor its level of reserves to ensure that they were relevant and appropriate. She further advised that performance reporting in the council required attention, and that minutes of the Performance Committee should record the scrutiny of performance carried out by the members of the committee, with training being offered to members in relation to this role.

3. INTERNAL AUDIT PLAN 2009/2010

The Audit Committee considered a report (copies of which had been circulated) by the Internal Audit Manager providing a copy of the Internal Audit Plan for 2009/10 which set out the planned work of the Internal Audit Unit for the financial year to 31st March 2010.

The Internal Audit Manager advised that the plan focused on areas of greatest perceived risk and reference had been made to the three year Strategic Audit Plan, the risk assessment maintained by the Internal Audit Unit, and the council's corporate risk register. In addition, members of the

Audit Committee and senior council officers had been invited to suggest topics to be included in the plan and the Internal Audit Manager had given consideration to the suggestions received.

The Internal Audit Manager considered that the Internal Audit Plan contributed to the council's corporate governance arrangements by ensuring that internal audit work was properly planned, was co-ordinated with Audit Scotland, and focussed on areas of greatest perceived risk. Accordingly, he recommended that the Internal Audit Plan for 2009/10 be approved.

In response to a question raised by Councillor Dixon, the Internal Audit Manager confirmed that the audit work on community centres, referred to within the report, included a review of compliance with OSCAR requirements.

Decision

To approve the terms of the report.

4. AUDIT SCOTLAND ANNUAL AUDIT PLAN 2008/2009

The Committee considered a report (copies of which had been circulated) by the Internal Audit Manager providing a copy of the Audit Scotland 2008/09 Annual Audit Plan which set out the work Audit Scotland proposed to undertake in relation to the 2008/09 audit.

Patricia Fraser from Audit Scotland presented the report, informing the Committee of the auditors responsibilities and approach.

Councillor McGinty raised a question, which concerned a vacancy for a Group Accountant (referred to in the report at paragraph 20 on page 5). In response, the Head of Finance advised that the post had been filled.

The Committee was invited to note the Audit Scotland 2008/09 Annual Audit Plan which was attached as an appendix to the report.

Decisions

1. To note the terms of the report.
2. To acknowledge the challenges facing the council and to record appreciation of the work undertaken by council staff.

5. AUDIT OF CIVIC CENTRE PROJECT

The Committee considered a report (copies of which had been circulated) by the Internal Audit Manager advising that, in accordance with the 2008/09 Internal Audit Plan, an audit of aspects of the construction of the council's Civic Centre had been conducted. The report enclosed a copy

of the Internal Audit Manager's findings of the audit.

The objective of the audit was to determine whether sufficient controls were in place over the monitoring of project progress, and over the making of interim payments to the contractor.

The Internal Audit Manager concluded that control was effective and no recommendations had been made.

The Committee was invited to note the terms of the report.

Decision

To note the terms of the report.

6. AUDIT OF HOUSE ALLOCATIONS

In accordance with the 2008/09 Internal Audit Plan an audit of the council's systems for allocating houses had been undertaken.

The Committee considered a report (copies of which had been circulated) by the Internal Audit Manager providing a copy of a report setting out the Internal Audit Managers findings and recommendations, together with management comment.

The report advised that the objectives of the audit were to determine whether controls were in place which ensured that:

- there was appropriate documentary evidence to support applications;
- houses were correctly let in accordance with council policy and procedures
- houses were let as soon as practical.

The Internal Audit Manager concluded that control was generally good and no recommendations ranked "critical" had been made.

Ann Marie Carr, Customer Services Manager responded to questions raised by elected members. Ann Marie provided an explanation regarding the procedure for offering applicants a personal plan.

The Committee was invited to note the terms of the report.

Decision

To note the terms of the report.

7. AUDIT OF BUSINESS CONTINUITY PLANNING

In accordance with the 2008/09 Internal Audit Plan, an audit of business continuity planning had been conducted.

The Committee considered a report (copies of which had been circulated) by the Internal Audit Manager providing a copy of a report on the audit findings, together with an action plan agreed by management. The Internal Audit Manager reported that, since the internal audit report had been issued, progress had been made in two areas:-

- a draft council business continuity policy and strategy had been prepared which was with senior managers for consultation;
- priority had been given to finalising the high level business continuity plan for West Lothian House. A working group comprising senior officers of the council had been formed and was in the process of reviewing and updating the plan. A desk-top exercise to test the plan was scheduled for 27th March 2009 and the plan would be further updated to reflect any lessons arising from this.

The Internal Audit Manager concluded that overall, control over business continuity planning within the council was poor. The agreed management actions included in the action plan would be followed up during 2009/10 to determine whether they had been implemented.

In relation to the need for a Business Continuity Management (BCM) policy, the Committee noted that this was included in the action plan and was scheduled for approval by the CMT, P&RPDSP and Council Executive in March 2009. The Head of Finance reported that the March deadline would not be met, due in part to the absence of the responsible officer who was currently on sickness absence.

The Committee was invited to note the terms of the report.

Decision

1. To note the terms of the report.
2. To agree that a report be brought to the next meeting of the Audit Committee advising of progress on the development/approval of a BCM policy.

8. PRIVATE SESSION

The Audit Committee resolved that, under Section 50 (A) (4) of the Local Government (Scotland) Act 1973, the public be excluded from the meeting during discussion of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 14 of Schedule 7A of the Act.

9. INTERNAL AUDIT OF INCOME COLLECTION

The Committee considered a report (copies of which had been circulated) by the Internal Audit Manager recalling that, in September 2008, the Audit Committee had considered the results of an audit of income collection at CIS offices. At that meeting, the Committee had requested that a report on progress in implementing the recommendations be submitted in six months time and accordingly the Internal Audit Manager now provided the results of the follow up work.

The report advised that, of the 18 recommendations made, 14 had been actioned. For the four remaining recommendations, the Internal Audit Manager set out the current position in his report.

In relation to the practice of holding pre-signed blank cheques for the Municipal Bank cheque book, the Chair noted the difficulties in managing this facility and asked if all options had been explored with regard to establishing an alternative arrangement. In response, the Customer Contact Manager advised that the practice could not be completely stopped, however, the facility was being managed better as his visits to offices were now more frequent.

The Committee was invited to note the terms of the report.

Decisions

1. To note the terms of the report.
2. To note that, in relation to the service provided to West Lothian Municipal Bank customers, action was being taken to minimise the risks from maintaining pre-signed blank cheques.