

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD
on FRIDAY, 3 JUNE 2005**

Present: Councillor Gary Mulvaney (Chair)

Councillor John McAlpine
Councillor John Tacchi

Ian M M Ross
Christopher Valentine

Attending: Charles Reppke, Head of Democratic Services and Governance
Bruce West, Head of Strategic Finance
Ian Nisbet, Internal Audit Manager
Steve Keightley, KPMG
David Jamieson, Audit Scotland
Martin Gorringe, Operations Manager – Marine and Airfield (for items 3 and 4)

Apologies: Councillor Donald MacMillan
Councillor Elaine Robertson

The Chair welcomed everyone to the meeting and extended a special welcome to Dr Bill Stein and Mrs Marjorie Crawford, Research Students from Glasgow Caledonian University, who had come to observe the operation of the Audit Committee.

1. MINUTES

The minutes of the Audit Committee of 4 March 2005 were approved as a correct record.

2. STRATHCLYDE PENSION FUND - FURTHER INFORMATION

The Audit Committee at their meeting on 4 March 2004 requested that the Head of Strategic Finance nominate an officer to maintain a watching brief over the Strathclyde Pension Fund and provide details on the process for the review of the Pension Sub Committee by Glasgow City Council.

Decision

To note the content of the report.

(Reference: Report by Head of Strategic Finance dated 24 May 2005, submitted)

3. MAINTAINING SCOTLAND'S ROADS

Audit Scotland issued a national report towards the end of November 2004 entitled "Maintaining Scotland's Roads" which contained the findings of a recent study of the steps taken by the Scottish Executive and Councils to monitor the condition of Scotland's road network and to manage structural maintenance.

The Audit Committee at their meeting on 4 March 2005 requested that the Strategic Policy Committee be asked whether they were satisfied that the Council had the necessary resources to address the issues highlighted in the Audit Scotland National Report.

A report detailing the Council's progress in addressing the issues was considered along with an extract from the Strategic Policy Committee of 13 April 2005 at which the question posed by the Audit Committee was raised as well as an update report prepared by the Head of Roads and Amenity Services for Strategic Policy Committee on 5 May 2005.

Concerns were expressed by the Audit Committee that the questions raised with the Strategic Policy Committee had not been addressed

Decision

1. To note the contents of the report and request this be followed up by Internal Audit.
2. To advise the Strategic Policy Committee that a response to the questions raised was still expected.

(Reference: Report by Internal Audit Manager dated 22 April 2005, submitted)

4. EXTERNAL & INTERNAL AUDIT REPORT FOLLOW UP 2004-2005

A report setting out the results from a review performed by Internal Audit for recommendations due to be implemented by 31 March 2005 was considered.

The Audit Committee at their meeting of 4 March 2005 requested that the Chief Executive provide reasons for the delay encountered with the Ferry Services Review and a report setting out the reasons for the delay was also considered.

Decision

1. To note the contents of the report and request this be followed up by Internal Audit.
2. To note the reasons for the slippage in the Ferry Services Review.
3. To request that a report be brought to the next Audit Committee detailing the monitoring arrangements which have been put in place to ensure the operators of the Jura and Lismore are adhering to the terms of their contracts.
4. To request that a report be brought to the next Audit Committee on the process being followed for the production of the Asset Register.

(Reference: Report by Internal Audit Manager dated 13 May 2005, submitted)

5. ANNUAL INTERNAL AUDIT REPORT 2004-2005

The Internal Audit Annual Report for 2004/2005, which outlined duties and audits carried out by Internal Audit during this period, was submitted for approval.

Decision

To approve the Internal Audit Annual Report for 2004/2005.

(Reference: Report by Internal Audit Manager dated 27 April 2005, submitted)

6. INTERNAL FINANCIAL CONTROL STATEMENT 2004-2005

The Council's senior management have a responsibility to establish an appropriate and sound system of internal control and to monitor the continuing effect of this system. Internal Audit have provided an annual overall assessment of the robustness of the Internal Financial Control System for the financial year 2004/2005 for the Head of Strategic Finance and this was submitted for consideration.

Decision

To note the contents of the report.

(Reference: Report by Internal Audit Manager dated 18 May 2005, submitted)

7. ADAPTING TO THE FUTURE 2003-2004

A report detailing progress by Community Services Management with the implementation of recommendations contained within the national report entitled "Adapting to the Future" which had been issued by the Accounts Commission – Audit Scotland was considered.

Decision

To note the content of the report and request this be followed up by internal audit.

(Reference: Report by Internal Audit Manager, submitted 18 May 2005)

8. AUDIT SCOTLAND REVIEW OF INTERNAL AUDIT (FOLLOW UP)

In July 2004, Audit Scotland had issued national and local reports on their review findings, which concentrated on assessing internal audit compliance of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. Details of the progress made regarding the implementation of the local report recommendations was outlined.

Decision

To note that as at 18 May 2005 all of the 15 recommendations contained in Audit Scotland's local report have been addressed.

(Reference: Report by Internal Audit Manager dated 18 May 2005, submitted)

9. RECENT EXTERNAL AUDIT ISSUED REPORTS 2004-2005

A report containing an executive summary and action plan for a new report issued by Audit Scotland since the last Audit Committee together with details of the progress made by management on implementing the report's recommendations was considered.

Decision

To note the contents of the report and that an update on this will be brought to the next meeting of the Audit Committee.

(Reference: Report by Internal Audit Manager dated 22 April 2005, submitted)

10. ANNUAL INTERNAL AUDIT PLAN 2005-2006

The Committee considered a report outlining in detail the areas that will be audited in 2005/2006 which comply with recommendations made by Audit Scotland to provide information to auditees.

Decision

1. To approve the Audit Plan for 2005/2006.
2. To request that a report on ICT Security be brought to the next meeting of the Audit Committee.

(Reference: Report by Internal Audit Manager dated 22 April 2005, submitted)

