

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,  
LOCHGILPHEAD  
on FRIDAY, 3 MARCH 2006**

**Present:** Councillor Gary Mulvaney (Chair)

Councillor Donald MacMillan  
Christopher Valentine

Councillor Elaine Robertson  
Ian Ross

**Attending:** Charles Reppke, Head of Democratic Services and Governance  
Bruce West, Head of Strategic Finance  
Ian Nisbet, Internal Audit Manager  
Moira Millar, Finance Manager – Corporate Accounting  
Steve Keightley, KPMG  
David Jamieson, Audit Scotland

**1. APOLOGIES**

Apologies were received from Councillors John Tacchi and John McAlpine.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES**

The minutes of the Audit Committee of 9 December 2005 were approved as a correct record subject to the change of name at point 2 of item 11 where it would be Councillor MacMillan who would act as an alternative on the Strathclyde Pension Fund Representative Forum, not Councillor Robertson.

**4. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2005-2006**

The Committee were asked to give consideration to an interim progress report which had been prepared regarding the audit work performed by Internal Audit up to 24 February 2006.

**Decision**

To note the satisfactory progress made with the Annual Audit Plan for 2005-2006.

(Reference: Report by Internal Audit Manager dated 24 February 2006, submitted).

## **5. ADAPTING TO THE FUTURE**

A report detailing an action plan and implementation dates assigned to the recommendations contained within Audit Scotland's report "Adapting to the Future" was considered.

### **Decision**

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report and report back to a future meeting of the Audit Committee.

(Reference: Report by Internal Audit Manager dated 6 February 2006, submitted).

## **6. MAINTAINING SCOTLAND'S ROADS**

Audit Scotland issued a national report at the end of November 2004 entitled "Maintaining Scotland's Roads". In response the Head of Roads and Amenity Services prepared an action plan incorporating the report's 9 recommendations and added a further 3 to reflect dependent issues. The Committee considered a report which set out the current implementation position in respect of the action plans for 2005/06 and 2006/07.

### **Decision**

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report

(Reference: Report by Internal Audit Manager dated 14 February 2006, submitted).

## **7. ANNUAL INTERNAL AUDIT PLAN 2006-2007**

The annual audit plan has been prepared in conjunction with the Council's Internal Audit partners, KPMG. The audit plan for 2006-2007 is year 2 of the 3 year Strategic Audit Plan approved by the Audit Committee on 4 March 2005 and ensure that Internal Audit resources are effectively planned and controlled. The Committee considered the plan which outlined in detail the areas which will be audited in 2006-2007.

### **Decision**

To approve the annual audit plan for 2006-2007.

(Reference: Report by Internal Audit Manager dated 14 February 2006, submitted).

## **8. EXTERNAL AND INTERNAL AUDIT FOLLOW UP 2004-2005**

A report setting out the results from a review undertaken by Internal Audit and recommendations due to be implemented by 31 December 2005 was considered.

### **Decision**

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report

(Reference: Report by Internal Audit Manager dated 22 February 2006, submitted).

## **9. ASSET MANAGEMENT STRATEGY**

The Audit Committee, in 2005, requested regular updates on progress with the Asset Register and implementation of the asset management strategy/planning. A report identifying the main elements of asset management planning, its development and progress was considered.

### **Decision**

To note the contents of the report and the progress made.

(Reference: Report by Chief Asset Manager dated 23 January 2006, submitted).

## **10. HMIE ACTION PLAN UPDATE**

The Education Service of Argyll and Bute Council was inspected during the period December 2004 to January 2005 by HM Inspectorate of Education (HMIE), as part of a 5 year national inspection programme of all local authorities in Scotland. In June 2005 HMIE issued their inspection report. This outlined key strengths plus areas requiring improvement. The HMIE review found that the service demonstrated good and improving performance and indicated areas where further improvement could be made.

### **Decision**

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report.

(Reference: Report by Internal Audit Manager dated 6 February 2006, submitted).

## **11. STRATHCLYDE PENSION FUND**

The Committee considered a report which describes the legislative basis and the mechanisms that are in place to reconcile Local Government Pension Scheme regulations with wider pension fund law.

### **Decision**

To note the contents of the report.

(Reference: Report by Head of Strategic Finance dated 3 March 2006, submitted).

## **12. ANNUAL ACCOUNTS 2005-2006**

The Committee considered a report which advised of the plans put in place for financial year end 31 March 2006 and the preparation of the Council's annual accounts for 2005-06.

### **Decision**

To note that plans are in place to prepare the Council's annual accounts, consistent with the Accounting Code of Practice and to submit them to Council prior to 30 June 2006 in line with the Scottish Executive requirement.

(Reference: Report by Head of Strategic Finance dated 24 February 2006, submitted).

## **13. UNIT LABOUR COSTS**

The Head of Strategic Finance advised that he had, in looking at the issue raised by the Vice Chair, extended the remit to look at unit costs of services. He advised that there were also other drivers encouraging the Council to look at this from the Best Value Audit, and the general Council budget position.

It was intended to report to Strategic Management Team on a process looking at a pilot exercise on unit costs of activities.

### **Decision**

To note that a report will be made to the Strategic Management Team in the near future setting out a way forward on this issue and that a progress report be submitted to the Audit Committee at its meeting in June.

(Reference: Verbal report by Head of Strategic Finance).