

**MINUTES of MEETING of AUDIT COMMITTEE held in the THE MEMBERS ROOM, KILMORY,
LOCHGILPHEAD
on FRIDAY, 9 JUNE 2006**

Present: Councillor Gary Mulvanay (Chair)

Councillor Elaine Robertson
Ian Ross

Councillor John Tacchi
Christopher Valentine

Attending: Charles Reppke, Head of Democratic Services and Governance
Bruce West, Head of Strategic Finance
Ian Nisbet, Internal Audit Manager
Jim Robb, Head of Integrated Care
Steve Keightly, KPMG
Angela Cassels, Audit Scotland
David Jamieson, Audit Scotland

URGENT ITEM

The Chairman ruled, and the Committee agreed, in terms of Section 50B(4)(b) of the Local Government (Scotland) Act 1973 in terms of Standing Order 3.2.2, that item 15, which was not specified in the Agenda, should be considered as a matter of urgency.

1. APOLOGIES

Apologies were received from Councillors MacMillan and McAlpine.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The minutes of the meeting of 3 March 2006 were approved as a correct record.

Arising from item the Head of Strategic Finance noted that the report on Unit Labour Costs will be submitted to the next meeting of the Audit Committee.

4. ADAPTING TO THE FUTURE 2003-2004

A report was considered which detailed an Action Plan with agreed implementation dates for the "Adapting to the Future" report issued by the Accounts Commission - Audit Scotland towards the end of August 2004.

Decision

It was agreed:

1. To note the contents of the report,
2. To instruct Internal Audit to follow it up, and
3. To note the budgetary requirement of £650,000 per annum for 2007/8 and £400,000 per annum are necessary to run our efficient service.

(Reference: Report by Internal Audit Manager dated 29 May, submitted).

5. 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 28 April 2006, submitted).

6. ANNUAL AUDIT REPORT 2005-2006

The Committee considered a report which detailed the duties and audits carried out by the section throughout the financial year.

Decision

The Committee agreed to approve the Internal Annual Audit Report for 2005 – 2006.

7. 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 March 2006 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
3. To request a report from the Head of Legal Services detailed the departments performance indicators and value for money.

(Reference: Report by Internal Audit Manager dated 18 May 2006, submitted).

8. 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 Internal Audit Manager dated 5 May 2006, submitted and Supplementary Report by Head of Strategic Finance dated 8 June 2006, tabled).

9. HMIE REPORT 2004-05

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 29 May 2006, submitted).

10. AUDIT SCOTLAND - FINANCIAL STATEMENTS STRATEGY

The Committee considered a report detailing the Financial Statements Strategy 2005-2006 and the Audit Risk Analysis and Plan 2005-2006.

Decision

It was agreed to note the contents of the report.

(Reference: Report by Internal Audit Manager dated 5 May 2006, submitted).

11. INTERNAL FINANCIAL CONTROL STATEMENT (IFCS) - DRAFT

The Committee considered a report detailing an annual overall assessment of the robustness of the Internal Financial Control System (IFCS) for 2005 – 2006.

Decision

It was agreed to note the contents of the report.

(Reference: Report by Internal Audit Manager dated 15 May 2006, submitted).

12. RECENT EXTERNAL AUDIT REPORT 2005-2006

The Committee considered a report detailing the Executive Summary and Action Plan for a new report issued by Audit Scotland since the last Audit Committee..

Decision

3. To note the contents of the report
4. To instruct Internal Audit to follow up the contents of the report.

(Reference: Report by Internal Audit Manager dated 5 May 2006, submitted).

13. KPMG PROPOSALS FOR 2006-2007

The Committee considered a report detailing the progress of the internal audit partnering agreement in its first year of operation and KPMG's proposals for the forthcoming year.

Decision

It was agreed:

1. To note the progress of the agreement in its first year, and
2. To approve the proposals for the forthcoming year.

(Reference: Report by Partnership Manager dated 18 May 2006, submitted).

14. APPOINTMENT OF EXTERNAL AUDITORS 2006/07 TO 2010/11

The Committee considered a report confirming that RSM Robson Rhodes LLP will be the Council's external auditors for 2006/07 to 2010/11.

Decision

It was agreed to note the contents of the report.

(Reference: Report by Head of Strategic Finance dated 30 May 2006, submitted).

15. FREE PERSONAL CARE

The Committee gave consideration to a report and extract from the minutes of the Helensburgh and Lomond Area Committee of 6 June 2006 relating to the introduction of the Community Care (Scotland) Act 2002 Policy of Free Personal Care within the Helensburgh and Lomond area, and heard from the Director of Community Services on the current situation relating to the clients awaiting Free Personal Care Funding, the moratorium on spend across all Social Work Services and the level of funding from the Scottish Executive to support free personal care.

Decision

1. To note the terms of the extract of the Helensburgh & Lomond Area Committee.
2. To request a report from the Head of Strategic Finance, to be presented at the Council meeting on 28 June 2006, identifying:
 - i) The GAE received from the Scottish Executive for Social Services, broken down by care of Elderly, Children and Families etc for the last 3 years,
 - ii) The element of GAE received for Free Personal Care for the last 3 years,
 - iii) The Council's annual expenditure for 2004/2005 and 2005/2006 and budgeted expenditure for 2006/7 in connection with (i) and (ii).
 - iv) The cost of Council run Care Homes in the last 3 years, gross expenditure and net expenditure, and impact on Social Services

(Reference – Extract from Helensburgh & Lomond Area Committee of 6 June 2006 and Report by Head of Integrated Care dated 25 May 2006, tabled).

