

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,  
LOCHGILPHEAD  
on FRIDAY, 30 MARCH 2007**

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

Councillor Donald MacMillan	Ian M M Ross
Councillor Elaine Robertson	Christopher Valentine
Councillor John Tacchi	

**Attending:** James McLellan, Chief Executive  
Susan Mair, Head of Legal Services  
Bruce West, Head of Strategic Finance  
Deirdre Forsyth, Area Corporate Services Manager  
Alex Colligan, Internal Audit Manager  
Graham Brown, Operations Manager  
Gary Devlin, RSM Robson Rhodes  
Steve Keightley, KPMG

## **1. MINUTES**

The Minutes of the Audit Committee of 8 December 2006 were approved as a correct record subject to an additional decision at item 12 to read "To request that the Head of Legal and Protective Services revisit the targets/outputs which are outlined at paragraph 2.3 of the submitted report".

## **2. ADAPTING TO THE FUTURE**

The Committee were provided with details of a full review of service delivery by AGE Ltd which highlighted issues relating to Occupational Therapy equipment.

### **Decision**

1. To note the contents of the report.
2. That the Chief Executive raise the following points with the Head of Integrated Care with a view to a further report being brought back to this Committee:-
  - (i) In view of redundancies associated with the Single Status exercise, could a project manager not be appointed from within existing staffing levels to minimise costs on the basis that the service is under funded?
  - (ii) What are the costs associated with the areas of progress identified within paragraphs 3.1 to 3.4 of the submitted report?
  - (iii) Will NHS also be contributing to the roll out to the other areas identified within the report as was the case in Oban?

(Ref: Report by Head of Adult Care services dated 6 March 2007, submitted).

### **3. LEGAL AND PROTECTIVE SERVICES PERFORMANCE - UPDATE**

A breakdown of types of licence applications processed, as requested at the meeting held on 8 December 2006 was before the Committee for consideration.

#### **Decision**

1. To note the contents of the submitted report
2. To agree that the Best Value Review of the Regulatory Components of Legal and Protective Services be conducted on the basis of the following three elements:-
  - (i) To make recommendations on the configuration and level of the environmental health service.
  - (ii) To make recommendations on the configuration and level of the trading standards service, and
  - (iii) To make recommendations on the configuration and organisation of the different licensing functions in legal and protective services and that this particular review is carried out by independent external consultants.
3. To request that a further report regarding decision 2(iii) be submitted to a future meeting of the Audit Committee.

(Ref: Report by Head of Legal and Protective Services dated 28 March 2007, tabled)

### **4. AUDIT PLAN 2006/7**

The Council's financial statements are an essential means by which it accounts for the stewardship of resources and its financial performance in the use of those resources. The responsibility both of the Council and the auditors were outlined within the Plan and details were given regarding the overall approach to be adopted to gain assurance to support external audit's opinion on the financial statement.

#### **Decision**

Noted the Audit Plan 2006/7.

(Ref: Report by RSM Robson Rhodes dated 22 January 2007, submitted)

### **5. ANNUAL ACCOUNTS 2006/7**

Details on the plans in place for financial year end 31 March 2007 and the preparation of the Council's annual accounts for 2006/7 were provided.

#### **Decision**

To note that plans are in place to prepare the Council's annual accounts, which are consistent with the Accounting Code of Practice and the plans to submit them to Council prior to 27 June 2007 (provisional date) in line with the Scottish Executive's requirements.

(Ref: Report by Head of Strategic Finance dated 14 March 2007, submitted)

## **6. INTERNAL AUDIT'S ROLE IN BEST VALUE**

The Committee were advised by KPMG on their views about the role Internal Audit could play in relation to the Council's duty of Best Value and Community Planning. It was noted that the report had been prepared at the request of Internal Audit and that the report content had previously been discussed with them.

### **Decision**

Agreed that Internal Audit should discuss the ideas contained within the submitted report with Senior Management Team (SMT), external audit and the manager responsible for progressing Best Value within the Council. Thereafter, Internal Audit should agree a process outline for approval by the Audit Committee as to how the skills of the Audit Team will be used to assist the Council with its duty of Best Value.

(Ref: Report by KPMG dated February 2007, submitted)

## **7. MANAGING SCOTLAND'S ROADS - UPDATE**

The Committee were asked to consider a report setting out the current implementation process in respect of planned actions of which it was noted did not have any implementation dates assigned to its 9 recommendations.

### **Decision**

1. To note the contents of the report and the advice given regarding the EGF funding by the Operations Manager.
2. To note that the words "other Councils and" at paragraph 3.3 of the report should be deleted.
3. To instruct that the actions detailed within the report be followed up by Internal Audit.

(Ref: Report by Internal Audit Manager dated 28 February 2007, submitted)

## **8. QUARTERLY PERFORMANCE REPORTING AND BEST VALUE IMPROVEMENT PLAN**

### **(a) SUMMARY OF QUARTERLY PERFORMANCE REPORTS**

The Committee were provided with a summary of the Service quarterly reports for the period October-December 2006, consisting of the exceptional performance sections only.

### **Decision**

1. Noted the contents of the submitted summary report.

2. To request that the figures for the percentages re Social Enquiry Reports (Children and Families) be made available to Members of the Audit Committee.

(Ref: Report by Performance Manager dated 30 March 2007, submitted).

(b) **BEST VALUE IMPROVEMENT PLAN - PROGRESS REPORT**

The Council had previously adopted the Best Value Improvement and Development Plan on 4 May 2006. The Committee were given a report summarising the progress made against the Plan to the end of December 2006.

**Decision**

To note the progress made to date on the Improvement and Development Plan.

(Ref: Report by Performance Manger dated 30 March 2007, submitted).

**9. RISK MANAGEMENT PROGRESS UPDATE**

At the meeting on 8 December 2006, the Audit Committee noted a report submitted by the Internal Audit section following a review of Risk Management development across the Council. At this time, the Audit Committee had requested that they be provided with a quarterly report covering progress with the implementation of the reports action points. This information was detailed within a report by the Head of Democratic Services and Governance.

**Decision**

To note the progress made as at end of February 2007.

(Ref: Report by Head of Democratic Services and Governance dated 30 March 2007, submitted)

**10. ANNUAL AUDIT PLAN 2007-8**

The Committee were invited to consider a report which outlined in detail the areas that would be audited in 2007-8.

**Decision**

To approve the Annual Audit Plan for 2007-8.

(Ref: Report by Internal Audit Manager dated 6 March 2007, submitted).

**11. EXTERNAL AND INTERNAL FOLLOW UP**

Details of the results from a review performed by Internal Audit for recommendations due to be implemented by 31 December 2006 were set out within a report by the Internal Audit Manager.

## **Decision**

1. To note the contents of the submitted report and instruct that these be followed up by Internal Audit.
2. To delete action point 6 from Section D (Review of Cash and Income Banking) and action point 3 from Section F (Review of Contract Tendering and Vetting).
3. To draw to the attention of the Director of Community Services that action 2 from Section A (Education Department – Computer Services Review) remains outstanding despite assurances that this would cease immediately. It was also agreed to draw his attention to actions 6 and 7 which also have a high risk grading and which also remain outstanding.

(Ref: Report by Internal Audit Manager dated 21 March 2007, submitted)

## **12. EDUCATION ICT TECHNICIANS TRAINING PLAN**

The Audit of the Education Network which was undertaken by Audit Scotland in 2004/5 highlighted the need for establishing a training plan for ICT Support Technicians across the Education Service.

### **Decision**

To note the contents of the submitted report.

(Ref: Report by ICT Development Manager for Community Services dated 19 March 2007, submitted)

## **13. INTERNAL AUDIT PROGRESS REPORT 2006-2007**

An interim progress report had been prepared covering the audit work performed by Internal Audit up to 2 March 2007. Details of progress made against the Annual Audit Plan was before the Committee for approval.

### **Decision**

1. To approve the progress made with Annual Audit Plan for 2006-7.
2. To clarify to the Members of the Committee what the issues are with the new e-procurement system.

(Ref: Report by Internal Audit Manager dated 14 March 2007, submitted)

## **14. FUTURE ROLE OF THE AUDIT COMMITTEE**

The Terms of Reference for spokespersons, Policy and Performance Groups and the Audit Committee, as prepared by the Policy Development Group on Local Governance (Scotland) Act 2004 were submitted for discussion.

### **Decision**

To recommend that the Council, following the elections in May 2007 agree the following amendments to the suggested Terms of Reference as proposed by the Policy Development Group on the Local Governance (Scotland) Act 2004:-

1. To amend paragraph 5 of the Audit Committee Terms of Reference to read “To be consulted on the external audit strategy and plan, review all reports from the Council’s External Auditors and review action on external audit recommendations.
2. To include the following functions within the Terms of References:-
  - (i) To report annually to the Council on the internal control environment.
  - (ii) To receive internal audit progress reports.
  - (iii) Without prejudice to the role of the Standards Committee (if the Council agrees to have a Standards Committee) to deal with matters included in their terms of reference, in particular matters arising from the investigation of disclosures under the Council’s Public Interest Disclosure Policy, to provide assurance on the Council’s compliance with Financial and Security Regulations, Contract Standing Orders and Accounting Codes of Practice.

(Ref: Terms of Reference – Spokesperson and Policy and Performance Groups and Terms of Reference – Audit Committee, submitted)

Councillor MacMillan and Christopher Valentine left the meeting at this point.

The Committee resolved in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude the public for the following 2 items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 1 and 9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

## **15. BEST VALUE SERVICE REVIEWS**

The Audit Committee accepted a reporting process agreed originally with Audit Scotland and subsequently with RSM Robson Rhodes. Following on from this, a service review update commenced on 8 December 2006 and a quarterly report as at 2 March 2007 was submitted for consideration.

### **Decision**

1. To note Appendices 1, 3, 4, 5, 6, 7 and 8.
2. With regard to Appendix 2, the Committee agreed to request that the next stage of the review implementation includes benchmarking with the private sector.

(Ref: Report by Internal Audit Manager dated 2 March 2007, submitted)

## **16. CAMPBELTOWN NEW QUAY**

At a meeting of Argyll and Bute Council on 13 February 2007 the Audit Committee were requested to give consideration to the circumstances surrounding a past agreement for use of the New Quay and requested to bring back a report on their findings to the Council meeting on 25 April 2007.

Internal Audit had looked into the matter and their report was submitted for consideration.

### **Decision**

Agreed to recommend to the Council:-

1. Where a Capital contract is to be part funded by income to be recovered from a Commercial company then a formal agreement setting out the terms and conditions related to that funding must be in place prior to tenders being accepted.
2. All departments likely to have an involvement in agreements with third parties must be involved at the earliest possible stage.
3. Legal and Protective Services are to implement the Case Management System to allow them to better manage their workload. It would improve the prioritisation and allocation of workload both for Legal Services staff and Brodies, the Council's external advisers.
4. When agreements are being entered into there should be an agreed timetable for producing the agreement. When the outcomes are not achieved, by any of the internal or external parties involved then this should be reported to management in order that corrective action can be taken.

(Ref: Extract Minute of Argyll and Bute Council 13 February 2007, Internal Audit Report dated March 2007, Joint report by Head of Legal and Protective Services and the Head of Roads and Amenity Services dated 21 March 2007, submitted and Extract Minute of Argyll and Bute Council of 22 March 2007, tabled)

## **17. VALEDICTORY**

The Chair thanked the Officers and Members of the Committee for their valued contributions and wished those who were standing for re-election well. He thanked the external Members for the valuable skills they had brought to the Committee and hoped that the new Committee would continue to take forward the good work that had been done to date.

In response, the Vice-Chair thanked the Chair for his steady hand on the wheel and wished him well on behalf of the Committee.