

**MINUTES of MEETING of AUDIT COMMITTEE held in the MEMBERS' ROOM, KILMORY,
LOCHGILPHEAD
on THURSDAY, 20 SEPTEMBER 2007**

Present:

Mr Ian Ross (Chair)

Councillor Gordon Chalmers
Councillor Mary-Jean Devon
Councillor Roderick McCuish

Councillor Bruce Marshall
Councillor Ron Simon

Attending:

Bruce West, Head of Strategic Finance
Iain Jackson, Governance and Risk Manager
Moira Millar, Finance Manager – Corporate Accounting
Ian Nisbet, Internal Audit Manager
David Clements, Performance Manager
Lyndis Davidson, Performance Management Officer
Gary Devlin, Grant Thomson UK
Sarah Howarth, Grant Thomson UK
Steve Keightly, KPMG

Apologies:

Mr Christopher Valentine

1. MINUTES

The Minutes of the Audit Committee meeting held on 28 June 2007 were approved as a correct record.

Arising from item 7 (**Summary of Quarterly Performance Reports**) the Chair advised that the Head of Democratic Services and Governance had been unable to attend this meeting and therefore a presentation on the Political Management Arrangements would be continued to the next meeting.

Arising from item 13 (**Report on 2006-7 Internal Financial Control Statement (IFCS)**) it was noted that recommendation 2 had been considered by the Council's Executive on 16 August 2007. The Chair advised that in this case the decision was sufficiently broad to cover the Committee's desire but considered that recommendations from the Audit Committee should not be submitted to other Council Committees until the Minutes had been agreed (except in matters of urgency).

2. ANNUAL ACCOUNTS 2006-2007 - EXTERNAL AUDIT REPORT

A report from the External Auditors, Grant Thornton UK LLP, covering the key findings from the audit of the Council's financial statements audit in accordance with International Standard on Auditing 260 (ISA 260) was before the Committee for consideration. This auditing standard requires external auditors to communicate matters relating to the audit of the financial statements to those charged with governance of the Council (in this case the Audit Committee) in sufficient time to enable appropriate action to be agreed prior to the finalisation of the Annual Accounts for 2006/2007.

Decision

To note and agree the contents of the report.

(Reference: Report by Internal Audit Manager dated 30 August 2007, submitted).

3. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2007-2008

An interim progress report advising Members of the progress against the Annual Audit Plan up to 23 August 2007 was considered.

Decision

1. To approve progress made with the Annual Audit Plan for 2007/2008.
2. To agree the change in audit focus from HMle to Disclosure Scotland.
3. To note that this was the final year of the Audit Plan and that work on the new plan would be commencing. A report on this should be ready to present to the Audit Committee meeting in March 2008.

(Reference: Report by Internal Audit Manager dated 27 August 2007, submitted).

4. EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2007-2008

The Committee considered a report detailing the results from a review performed by Internal Audit for recommendations due to be implemented by 30 June 2007.

Decision

1. To note the contents of the report and that they will be followed up by Internal Audit.
2. To agree that item 3 of action plan A (Review of Capital Contracts) should be removed from the list as matters had now moved in such a way that it was not relevant for the Audit Committee to monitor.

(Reference: Report by Internal Audit Manager dated 31 August 2007, submitted).

5. RISK MANAGEMENT REPORT

A report outlining progress with the implementation of the Risk Management and business continuity planning processes was considered.

Decision

To note the contents of the report.

(Reference: Report by Head of Democratic Services and Governance, submitted).

6. SUMMARY OF QUARTERLY PERFORMANCE REPORTS

A report providing a summary of the Service quarterly reports for the period April-June 2007 consisting of the exceptional performance sections only was considered.

Decision

To note the Service performance in the report.

(Reference: Report by Chief Executive Unit, submitted).

The Committee resolved in terms of section 50(A)(3) of the Local Government (Scotland) Act 1973 to exclude the public for the following item of business on the grounds that it was likely to involve the disclosure of confidential information.

7. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2007-2008

A report detailing Executive summaries and action plans (where applicable) for finalised audit work was before the Committee for consideration.

Decision

1. To note the contents of the report and that these will be followed up by Internal Audit.
2. To note the concerns of the Committee that Statutory Performance Indicators were not being used positively as a management tool.

(Reference: Report by Internal Audit Manager dated 30 August 2007, submitted).

8. POST COMPLETION REVIEWS

The Chair advised that the Head of Strategic Finance had been tasked with identifying a mechanism for post completion audits. He requested that a report on this be brought to the next Audit Committee meeting.

9. APPOINTMENT OF CONSULTANTS: LEGAL AND PROTECTIVE SERVICES SERVICE REVIEW

The Governance and Risk Manager advised the Committee that Consultants had now been appointed to conduct the review, a timescale for implementation of the project plan was scheduled for mid December and a report would be forthcoming in due course.