

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Corporate Services
Director: Nigel Stewart



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12 September 2007

NOTICE OF MEETING

A meeting of the **AUDIT COMMITTEE** will be held in the **MEMBERS' ROOM, KILMORY, LOCHGILPHEAD** on **THURSDAY, 20 SEPTEMBER 2007** at **1:30 PM**, which you are requested to attend.

Nigel Stewart
Director of Corporate Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES**
Audit Committee 28 June 2007 (Pages 1 - 6)
4. **ANNUAL ACCOUNTS 2006-2007 - EXTERNAL AUDIT REPORT**
Report by Internal Audit Manager (Pages 7 - 8)
5. **PROGRESS REPORT ON INTERNAL AUDIT PLAN 2007-2008**
Report by Internal Audit Manager (Pages 9 - 12)
6. **EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2007-2008**
Report by Internal Audit Manager (Pages 13 - 20)
7. **RISK MANAGEMENT REPORT**
Report by Head of Democratic Services and Governance (Pages 21 - 22)
8. **SUMMARY OF QUARTERLY PERFORMANCE REPORTS**
Report by Chief Executive's Unit (Pages 23 - 26)
- E1 9. **INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2007-2008**
Report by Internal Audit Manager (Pages 27 - 74)

The Committee will be asked to pass a resolution in terms of Section 50(A)(3) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an “E” on the grounds that it is likely to involve the disclosure of information of a confidential nature.

AUDIT COMMITTEE

Councillor Gordon Chalmers
Councillor Bruce Marshall
Ian M M Ross
Christopher Valentine

Councillor Mary-Jean Devon
Councillor Roderick McCuish
Councillor Ron Simon

Contact: Fiona McCallum

Tel. No. 01546 604401

**MINUTES of MEETING of AUDIT COMMITTEE held in the MEMBERS ROOM, KILMORY,
LOCHGILPHEAD
on THURSDAY, 28 JUNE 2007**

Present:

Ian M M Ross (Chair)

Gordon Chalmers
Roderick McCuish
Bruce Marshall

Ron Simon
Christopher Valentine

Apologies:

Mary Jean Devon

Attending:

Charles Reppke, Head of Democratic Services and Governance
Bruce West, Head of Strategic Finance
Ian Nisbet, Internal Audit Manager
Gary Devlin, RSM Robson Rhodes
Steve Keightley, KPMG (for item 14 only)

The Chairman ruled and the Committee agreed to vary the order of business on the agenda and that item 8 - KPMG Work Plan for 2007/2008 would now be the last item to be considered on the agenda to allow the Manager of KPMG to be present for discussion of this item.

1. MINUTES

The Minutes of the Audit Committee meeting held on 30 March 2007 were approved as a correct record.

2. ANNUAL INTERNAL AUDIT REPORT 2006-2007

Internal Audit has the responsibility to provide the Audit Committee with an annual report which comments on the duties and audits carried out by the section throughout the financial year. The Annual Report for 2006-2007 was before the Committee for consideration.

Decision

To approve the Internal Annual Audit Report for 2006-2007.

(Reference: Report by Internal Audit Manager dated 20 June 2007, submitted)

3. REVIEW OF INTERNAL AUDIT

The Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code) issued by CIPFA in 2000 sets out good practice in delivering internal audit services. The Code has recently been revised to reflect the changing requirements and expectations on internal audit in local government. The Council's external auditor, RSM Robson Rhodes reviewed the Council's internal audit department against the 11 standards set out in the Code and their report was before the Committee for consideration.

Decision

1. Noted the contents of the report; and
2. Noted that the 3 standards that did not meet the requirements of the Code will be followed up by Internal Audit.

(Reference: Report by RSM Robson Rhodes dated May 2007, submitted)

4. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE

The Council's external auditor has identified that the current arrangements for reporting the outcome of internal audit work do not fully comply with the requirements of the Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code). A report outlining how the Council might comply with this requirement was considered.

Decision

Agreed that a summary and action plan covering material and fundamental weaknesses for each internal audit be reported to the Audit Committee.

(Reference: Report by Head of Strategic Finance dated 6 June 2007, submitted)

5. AUDIT COMMITTEE ANNUAL REPORT

The Council's external auditor has identified that preparation of an annual report by the Audit Committee to the Council is necessary to fully meet the requirements of the Code of Practice for Internal Audit in Local Government in the United Kingdom (the Code). A report outlining how the Council might comply with this requirement was considered.

Decision

Agreed that the Audit Committee will prepare an annual report to the Council with the first report covering the financial year ended 31 March 2008.

(Reference: Report by Head of Strategic Finance dated 6 June 2007, submitted)

6. ADAPTING TO THE FUTURE

The Audit Committee of 30 March 2007 noted a report entitled "Adapting to the Future" dated 6 March 2007 and raised a number of questions. A report responding to these questions was before the Committee for consideration.

Decision

To note the contents of the report.

(Reference: Report by Head of Service (Adult Care) dated 7 June 2007, submitted)

7. SUMMARY OF QUARTERLY PERFORMANCE REPORTS

A report providing a summary of the Service quarterly reports for the period January to March 2007 consisting of the exceptional performance sections only was considered.

Decision

To note the contents of the report and that a presentation on the changes to the Committee structure of the Council would be brought to the next meeting of the Audit Committee.

(Reference: Report by Chief Executive's Unit, submitted)

8. MAINTAINING SCOTLAND'S ROADS

Audit Scotland issued a national report towards the end of November 2004 entitled "Maintaining Scotland's Roads" and detailed 9 recommendations. The Head of Roads and Amenity Services prepared an action plan incorporating the report's recommendations and added a further 3 to reflect dependent issues. A report detailing the current implementation position in respect of the planned actions was considered.

Decision

To note the contents of the report and that they will be followed up by Internal Audit.

(Reference: Report by Internal Audit Manager dated 14 June 2007, submitted)

9. RISK MANAGEMENT PROGRAMME UPDATE

A report outlining progress with the implementation of the risk management framework and business continuity planning process was considered.

Decision

To note the contents of the report and that a presentation on the Strategic and Operational Risk Registers would be brought to a future meeting of the Audit Committee.

(Reference: Report by Governance and Risk Manager dated 12 June 2007, submitted)

10. COMMUNITY SERVICES - EDUCATION COMPUTER SERVICE REVIEW

The audit of the Education Network undertaken by Audit Scotland in 2004/2005 highlighted the need for action in specific areas. A report outlining progress with these issues was considered.

Decision

To note the contents of the report and that the issues identified as high priority in

the report by Audit Scotland have now been addressed.

(Reference: Report by ICT Development Manager for Community Services dated 6 June 2007, submitted)

11. EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2006-2007

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

Decision

1. To note the contents of the report and that they will be followed up by Internal Audit;
2. To note that actions A4, D3, D5, G1, H6 and H7 detailed at Appendix 2 of the report had now been implemented/were complete;
3. To note that actions E2 and E3 detailed at Appendix 2 of the report will be completed by July 2007;
4. To note that action H2 detailed at Appendix 2 of the report will be an ongoing item; and
5. Agreed that future reports will include a column indicating the number of times an action has been given a revised implementation date.

(Reference: Report by Internal Audit Manager dated 13 June 2007, submitted)

12. UNAUDITED ANNUAL ACCOUNTS TO MARCH 2007

The Committee considered the Unaudited 2006/2007 Annual Accounts which had previously been considered by the Council.

Decision

To note the unaudited Accounts for 2006/2007.

(Reference: Report by Head of Strategic Finance dated 14 June 2007 and Unaudited Accounts for 2006/2007 submitted)

13. REPORT ON 2006-2007 INTERNAL FINANCIAL CONTROL STATEMENT (IFCS)

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. Internal Audit have provided an annual overall assessment to the robustness of the Internal Financial Control System for the financial year 2006-2007 for the Head of Strategic Finance and this was submitted for consideration.

Decision

1. To note the contents of the report;
2. Agreed to recommend to the Executive that in future Internal Audit prepare a Statement of Internal Controls instead of just a Statement of Financial Controls for the Head of Strategic Finance; and
3. The Committee also recommended that as a further measure of control post completion audits be undertaken on significant operational reconfiguration projects to ensure that the objectives of the project are met.

(Reference: Report by Internal Audit Manager dated 14 June 2007, submitted)

14. KPMG WORK PLAN FOR 2007/2008

A report proposing a schedule of work to be undertaken by KPMG as internal audit partners with the in house internal audit team was considered.

Decision

1. To approve the revised work plan for the current year as detailed in the report; and
2. To note that the Head of Democratic Services and Governance will liaise with KPMG on dates scheduled for Members training in August to enable specialist training for the Audit Committee to be arranged around that time.

(Reference: Report by Manager of KPMG dated 1 June 2007, submitted)

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ARGYLL & BUTE COUNCIL
STRATEGIC FINANCE

AUDIT COMMITTEE
20 SEPTEMBER 2007

2006 – 2007 ANNUAL ACCOUNTS - EXTERNAL AUDIT REPORT

1. SUMMARY

Grant Thornton UK LLP will provide a report covering the key findings from the audit of the Council's financial statements audit in accordance with International Standard on Auditing 260 (ISA 260). 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.

2. RECOMMENDATIONS

2.1 The contents of the Report are to be noted by the Audit Committee and agreed.

3. DETAILS

3.1 Prior to completion of the Annual Accounts and their final Certification the members of the Audit Committee are provided the opportunity to discuss with Grant Thornton UK LLP matters relating to the audit of the financial statements of the Council.

3.2 On the 20th of September, in order to meet the requirement set out in ISA 260, Grant Thornton UK LLP will present the contents of their audit letter to the Audit Committee for discussion.

3.3 The Audit Committee will therefore have the opportunity to discuss the points outlined in the letter and to instruct the Head of Strategic Finance to make any subsequent agreed changes.

4. CONCLUSIONS

The Council's Accounts for the year to the 31st of March 2007 and the Audit Certificate, Certified Accounts and Report to Members will return to the Audit Committee on the 14th of December 2007 after Council approval.

5. IMPLICATIONS

- | | | |
|-----|----------------------|------|
| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216).
Ian Nisbet, Internal Audit Manager. 30 August 2007.
30Augfinalreport30Aug.

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PROGRESS REPORT ON INTERNAL AUDIT PLAN 2007 - 2008

1. SUMMARY

An interim progress report has been prepared covering the audit work performed by Internal Audit up to the 23rd of August 2007. The objective of the report is to advise members of the progress against the Annual Audit Plan. (See Appendix 1).

2. RECOMMENDATION

2.1 The Audit Committee is asked to approve the progress made with the Annual Audit Plan for 2007 - 2008.

3. BACKGROUND

3.1 The progress report contained in Appendix 1 lists the audits scheduled for the financial year 2007 –2008, and are ordered by section and level of completion.

3.2 As at the 23rd of August 2007, of 18 core financial systems audits set out in the audit plan, 5 have been completed. Of the remaining 13 audits, 4 have been started. As a result the total number of audits still to be commenced is 9.

3.3 Of 15 non-financial audit areas identified for this years audit plan, as at 23rd of August 2007, 3 audits have been completed. Of the remaining 12 audits, 4 have been started and are progressing with one close to being complete. One of these 4 audits relates to Community Services with the audit focus changed from HMIE as reported in the Annual Audit Plan to Disclosure Scotland. There is a reduced need for audit work on HMIE issues and with the agreement of the Director of Community Services and Grant Thornton UK LLP the audit focus was changed. At this time 8 audits remain to be commenced.

3.4 As detailed in the Annual Audit Plan a total of 80 days have been set aside for Other Areas – Follow Up work etc. As at the 23rd of August 2007, a total of 22 days have been expended. In addition, 80 days have been set aside in the plan for Special Investigations / Contingency audit work. As at the 23rd of August 2007, a total of 40 days have been expended on Special Investigation work.

4. SUMMARY OF AUDIT ACTIVITIES FOR 2007 - 2008

4.1 A report was produced in May 2007 by RSM Robson Rhodes LLP, now Grant Thornton UK LLP, after they assessed the internal audit section's compliance with the eleven standards set out in the updated Code of Practice for Internal Audit in Local Government (the Code). One of the reports recommendations stated, "The Council should ensure internal audit is fully resourced to meet objectives". In July 2007, adverts were placed in order to address the recommendation. The result was no suitable applications were received which could be progressed to interview.

- 4.2 What has been agreed is that Internal Audit will seek to employ 2 Trainee Accountants, and continue to rely on qualified contract auditors to supplement the lack of permanent staff. At the beginning of August, Internal Audit engaged the services of a contract auditor to replace the temporary departure of another qualified contract auditor in June. This has helped maintain delivery of the audit plan and introduce resource stability.
- 4.3 Audit resources in the 1st Quarter were directed to year end audit work involving Stocktaking, Corporate Governance, Grant Certification and joint working with Grant Thornton UK LLP on the auditing of the Council's Statutory Performance Indicators (PIs).
- 4.4 It can be reported that Internal Audit has made reasonable progress with the Annual Audit Plan through the 1st and into the 2nd Quarter. Current progress with the Internal Audit plan reflects similar performance in 2006/07 in audits completed and being progressed.

CONCLUSION

Progress is being made on audits planned for 2007 – 2008.

6. IMPLICATIONS

- 5.1 Policy: Update on audit plan for 2007 – 08.
- 5.2 Financial: The audit plan is based on budgeted provision.
- 5.3 Personnel: None
- 5.4 Legal: None
- 5.5 Equal Opportunities: None

For further information please contact Ian Nisbet, Internal Audit Manager (01546 604216)

Ian Nisbet
Internal Audit Manager 27th August 2007.
27Augfinalport27Aug

Assessment of audit days: 2007-2008 strategic audit plan

AUDIT WORK SCHEDULE As at 23rd August 2007	Last audited	Risk ranking	Original Estimated Audit Days 2007-08	Revised Estimated Audit Days 2007- 08	Actual Audit Days 2007-08	Balance
Core financial systems						
Complete						
Government & European Grants	2006-07	1	30	30	17	13
Stocktaking	2006-07	2	25	25	13	12
Payments to Voluntary Bodies (Following the Public Pound)	2005-06	2	20	20	19	1
Payroll	2006-07	2	30	30	19	11
Contract Hire and Operating Leases	2006-07	2	20	20	14	6
Started						
Council Tax and Non-Domestic Rates	2006-07	2	30	30	5	26
Car Allowances	2006-07	2	20	20	5	15
Creditor Payments	2006-07	2	25	25	2	23
Purchasing IT e-Procurement/Pecos	2006-07	2	25	25	1	24
Not Started						
Capital Accounting	2006-07	1	20	20	0	20
Capital Contracts	2006-07	1	20	20	0	20
Tendering Procedures	2006-07	1	30	30	0	30
Budgetary preparation and control	2006-07	1	20	20	0	20
General Ledger Operations	2006-07	2	25	25	0	25
Cash Income and Banking	2006-07	2	30	30	0	30
Debtor Accounts	2006-07	2	20	20	0	20
Treasury Management	2006-07	2	20	20	0	20
Unified Benefits System	2006-07	2	30	30	0	30
Section Total			440	440	96	344
Non-financial Audits						
Complete						
All Depts - Corporate Governance	2006-07	1	20	20	15	5
All Depts - Performance Indicators	2006-07	1	50	50	49	1
Community Services - School & Public Transportation	2006-07	1	20	20	19	1
Started						
All Depts - Business Continuity Planning	2006-07	1	20	20	3	17
Development Services - Partnership Project Funding	2006-07	1	20	20	1	19
Community Services - Disclosure Scotland	2006-07	2	20	20	9	11
Corporate Services - Risk Management Register	2006-07	3	20	20	1	19
Not Started						
Chief Executives Unit - Policy & Strategy - Best Value	2006-07	1	145	145	0	145
New Legislation	2006-07	1	20	20	0	20
All Depts - Strategic Asset Management	2006-07	1	30	30	0	30
Community Services - Social Work	2006-07	1	20	20	0	20
Community Services - NPDO - Contract Monitoring	2006-07	1	30	30	0	30
All Depts - Partnership Working	2006-07	1	20	20	0	20
Corporate Services - ICT - Applications	2006-07	2	25	25	0	25
Operational Services - Amenity & Roads Services	2002-03	3	20	20	0	20
Section Total			480	480	97	383
Actual Direct Audit Time			920	920	192	728
Special investigations contingency						
Council Wide	-	-	80	80	7	40
Chief Executive's Unit					11	
Community Services					4	
Development Services					5	
Operational Services					13	
Section Total			80	80	40	40
Other Areas						
Follow-up External & Internal Audit Management Letter Points			60	60	22	38
Risk Assessment, Strategic Plan, Annual Plans			20	20	0	20
Section Total			80	80	22	58
TOTAL			1080	1080	254	826

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ARGYLL & BUTE COUNCIL
STRATEGIC FINANCE

AUDIT COMMITTEE
20 September 2007

EXTERNAL & INTERNAL AUDIT REPORT FOLLOW UP 2007 – 2008.

1. SUMMARY

The Internal Audit Annual Plan requires that follow up reviews be conducted for all audits completed during the prior year. Internal Audit also document the progress made by departmental management in implementing the recommendations made by both External Audit and Internal Audit. The current reporting system was introduced and approved by the Audit Committee in August 2004. Set out below are the results from a review performed by Internal Audit for recommendations due to be implemented by the 30th June 2007.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and are to be followed up by Internal Audit.

3. DETAILS

3.1 Appendix 1 is a statistical summary of the 2005/06 and 2006/07 Internal Audit reports issued prior to June 2007. It details the number of recommendations to be implemented by the follow up date, the number implemented and those past their implementation date. The implementation date used for reporting to this Audit Committee is the 30th June 2007. A reference column has been added to provide a link to Appendix 2, where reasons are given by local management as to why recommendations have not been implemented by the agreed date. There is an additional column showing when those actions not yet implemented had been reported to previous Audit Committees.

3.2 Appendix 1 is split into 2 documents 1a & 1b. The first document refers to all reports with recommendations due May to June 2007. The second document lists action points outstanding from the previous Audit Committees. These are points that should have been implemented by the 30th April 2007 for the last Audit Committee. There are no outstanding recommendations from External Audit reports.

3.3 All new external audit reports issued by External Audit to the Council are reported initially separately to the Audit Committee with their executive summary and action plan. Thereafter they are included in the summary list for external audit.

4. CONCLUSIONS

Implementation of all recommendations will continue to be monitored by Internal Audit.

5. IMPLICATIONS

5.1	Policy:	None
5.2	Financial:	None
5.3	Personnel:	None
5.4	Legal:	None
5.5	Equal Opportunities:	None

For further information please contact Alex Colligan of Internal Audit on (01546 604271)

31 August 2007

Internal Audit Report Follow up - Summary

Reports With Recommendations Due From May to June 2007

Audit	Report Number	Points to be actioned by 30 June 2007	Points actioned by implementation date	Behind Schedule/ Insufficient evidence received	
2006/07					
Review of Risk Management Framework	5 (December 2006)	1	1		
Review of Business Continuity	6 (February 2007)	2	2		
Review of Community Planning	15 (May 2007)	1	1		
Review of Council Tax and NDR	16 (January 2007)	3	3		
Review of Purchasing and e-Procurement	14 (May 2007)	4	2	2	C1 & 2
Review of Tendering Procedures	18 (June 2007)	1	1		
Total		12	10	2	

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Points Outstanding From Previous Audit Committee

Audit	Report Number	Points Still Outstanding From Previous Audit Committees	Points to be actioned by 30 June 2007	Points actioned by implementation date	Behind Schedule/ Insufficient evidence received	
2005/06						
Review of Contract Tendering & Vetting	12 (March 2006)	1	1		1	B7
Review of Capital Contracts	11 (February 2006)	1	1		1	A3
2006/07						
Review of Cash & Income Banking, School Fund Update	3 (July 2006)	2	2	2		
Review of Asset Management/Office Rationalisation	10 (March 2007)	1	1	1		
Review of Contract Hire and Operating Leases	7 (February 2007)	2	2	2		
Review of Primary School funds - Lochgiphead & Park Primary Schools	8 (February 2007)	1	1	1		
Total		8	8	6	2	

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ACTION PLAN NUMBER	GRADE	WEAKNESSES IDENTIFIED	AGREED ACTION	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION	REVISED DATE	PREVIOUSLY REPORTED	COMMENT/EXPLANATION
A- REVIEW OF CAPITAL CONTRACTS								
3	MATERIAL	Contractor claims in the Campbelltown Community Project are potentially underestimated and the capital plan exposed.	Closely monitor the progress of the project and consult with Legal and Protective Services.	Project Manager - Campbelltown Community Project	28 February 2006 31 March 2007	Ongoing	June 2006 March 2007 June 2007	On the advice received from Brodies, the Council's Legal advisers it was decided to put the Contractual Claims issue on hold until responsibility for the render failure issue has been established. The Building Research Establishment (BRE) have been asked to investigate this issue and have issued their final report on 30 May 2007. This report will be reviewed by the Council's technical staff. Following the review of the BRE report further specialist advice is being sought to accurately ascertain the costs due to the render failure. This is required before any settlement can be made to the contractor.
B- REVIEW OF CONTRACT TENDERING AND VETTING								
7	MATERIAL	The Council's Health and Safety Manager requires all contractors whether registered on a Constructionline or on a local Select List to be approved by Argyll & Bute Health and Safety. The	Determine the requirement for the Council's Health and Safety to approve all contractors, including those registered with Constructionline. If agreed, develop a	Governance & Risk Management Officer	30 April 2006	November 2007	September 2006	Discussion between the Governance and Risk Manager and the Health and Safety Manager will result in any proposed amendments to the Standing Orders being included in the report to the Council due in November 2007.

ACTION PLAN NUMBER	GRADE	WEAKNESSES IDENTIFIED	AGREED ACTION	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION	REVISED DATE	PREVIOUSLY REPORTED	COMMENT/EXPLANATION
		Contract Standing Orders so not reflect this.	proposal to amend the Constitution, for ratification by the Council.					
C - REVIEW OF PURCHASING AND e-PROCUREMENT								
1	FUNDAMENTAL	Legal & Protective Services were not making use of Pecos, the e-Procurement System.	Arrangements should be made with the Exchequer Manager to provide Legal & Protective Services with a purchase card which would be used to order goods from specialist suppliers who are not on Pecos. Training will be provided for staff in order that they can start making use of Pecos for all other purchases.	Exchequer Manager	31 May 2007	30 September 2007	No	Purchase Card functionality was to be tested through an existing user group in Dunoon Grammar School. Although this is now working there were initial problems. Implementation for Legal and Protective Services, CPC functionality will now take place late August/ September.
2	FUNDAMENTAL	A photocopier had been purchased from Q5 Oban. They are not one of the 3 suppliers on the approved list from the Authorities Buying Consortium.	All departments must be made aware of the existence of the approved suppliers lists and the requirement to only use suppliers from these lists. This applies to all goods and services and not only photocopiers.	Head of ICT & Financial Services	11 May 2007	No date at present	No	This is to be discussed at the Shared Services and Procurement Board. Postmaster message could be sent to departments to reinforce the need for compliance with Financial and Security Regulations and Contract Standing Orders.

**ARGYLL AND BUTE COUNCIL
CORPORATE SERVICES**

**AUDIT COMMITTEE
20 SEPTEMBER 2007**

RISK MANAGEMENT REPORT

1. BACKGROUND

The Risk Management Group has to report on a quarterly basis to the Audit Committee on the progress being made with the implementation of the risk management and business continuity planning processes. Set out below is a report on the progress since the last report on the 28th of June 2007.

2. DETAIL

2.1 RISK MANAGEMENT

The Risk Management Group at its meeting on 29th August agreed to the new format of the risk register as presented by the sub group set up to amend it. The risk register will now be formatted in terms of the attached template which will allow it to be more easily updated and will allow reports to be more easily drawn down.

The new format will also ensure that the implementation of Action 8 of the Audit of Best Value and Community Planning – follow up report of 23 August 2007 has been undertaken with regard to both Strategic and Operational Risks being contained within the one document.

The new format will be populated with the information contained in the current risk register by the end of September 2007 and will be reviewed and updated by the Loss Control Groups by the end of this year.

Discussion has taken place between the Governance and Risk Manager and the Policy and Strategy Manager and the new format following the review and updating will be readily transferable into the Performance Management System.

2.2 BUSINESS CONTINUITY

There was a presentation to the Risk Management Group at the meeting on 29th August from Glen Abbot Ltd, Business Continuity Planning Consultants which was attended by the Chief Executive.

After discussion the Risk Management Group agreed to support the proposal to instruct Consultants to assist in the development of the Business Continuity Planning process in order that the Council becomes compliant with the terms of the Civil Contingencies Act.

A full report will be prepared by the Governance and Risk Manager for consideration by the Strategic Management Team before the end of October in order that if approved, the Consultants will be instructed and work commenced by the end of November.

2.3 The Loss Control Groups are continuing to prepare Business Continuity Plans for Loss of Buildings.

2.4 The Governance and Risk Manager has enrolled in the Certificate in Risk Management course with the Institute of Risk Managers which runs until June 2008.

Charles Reppke,
Head of Democratic Services & Governance
Corporate Services Department

ARGYLL AND BUTE COUNCIL
CHIEF EXECUTIVE'S UNIT

AUDIT COMMITTEE
SEPTEMBER 2007

SUMMARY OF QUARTERLY PERFORMANCE REPORTS

1 SUMMARY

This paper provides a summary of the Service quarterly reports for the period April to June 2007, consisting of the exceptional performance sections only.

2 RECOMMENDATIONS

It is recommended that the Audit Committee

- notes the Service performance in the report and
- considers the style and content of the report and makes suggestions about improvements to assist the Audit Committee.

3 DETAIL

Service Plans include a level of detail for each Priority, such that service performance and financial information are linked in quarterly reports. Where a Priority is reported as performing above or below the planned level, this performance may be evaluated as exceptional.

The selection of performance included as 'exceptional' relies on the report provided by Services. It is this exceptional performance that is included here. Where explanations for exceptional performance have been provided by Services they are repeated here.

The full quarterly reports are available from the Performance Manager in the Policy and Strategy Team.

For further information contact:

David Clements,
Performance Manager,
Policy and Strategy.
Telephone 01546 604205
Email: david.clements@argyll-bute.gov.uk

Argyll and Bute Council

Extracts from Quarterly Performance Reports April - June 2007

This paper draws together all the exception reports from the quarterly Service performance reports for the first quarter 2007/08. Exception reports are those areas of service delivery that the Head of Service considers ahead (✓) or behind (✗) the planned level of service. Where no exceptional performance has been reported, the level of service is generally as planned.

Chief Executive's Unit

Communications - no exception reports

Personnel Services

✗ Delays to implementation of e-recruitment system.

Policy and Strategy

✗ Proactive work slowed markedly due to pressures on the small team. *This impacts on all aspects of the team's performance.*

✗ Performance Management project delayed largely due to capacity issues within lead services.

Strategic Finance

✗ Best Value review of Strategic Finance delayed. Arrangements have been made for IPF to undertake the review.

Community Services

Adult Social Work

• Much of the performance information has no planned or target level of performance, therefore the stated level of service cannot be assessed (same comment as previous quarter).

✓ The number of older people waiting for personal care packages has reduced to 50 (from 98 in December 2006).

Community Regeneration

✓ The homelessness service reports a reduction of repeat homeless presentations to less than 2% (against a target of 6%).

Planning and Performance

✗ Some Service Reviews not completed (750 planned - 500 completed)

Community Support

▪ Community Support is no longer a Service, but a report gives information about homelessness - for which the Council maintains responsibility. The information is insufficient to evaluate performance (see Community Regeneration).

Children and Families

✗ New probationers should be seen within one week - only 78% achieved.

• A number of performance measures have no target or forecast figures, therefore it is not possible to evaluate performance accurately. This includes e.g. (i) number of children on Child Protection Register, (ii) percentage of reports reporting on time to Children's Hearing system, (iii) number of children affected by disability receiving community support services (same comment as previous quarter).

Education

✓ Strone Primary School received an exceptionally good HMIE inspection report.

Corporate Services

ICT and Financial Services

- No performance reported against some ICT measures - e.g. network availability and fault fixing timescales, deferred to performance management project(?)
- ✓ Cost of processing invoices delivered at 33% lower than expected.

Legal and Protective Services

- × Underperformance against targets in high risk and approved premises inspections.
- ✓ Prompt response to noise complaints, both domestic and non-domestic.
- No performance data provided against Animal Health and Welfare. (same comment as previous quarter)

Democratic Services and Governance

- No report on progress of Contact Centre.
- No targets or planned level of service for a number of performance measures, therefore performance cannot be evaluated - e.g. Support and Archive Services, Governance and Risk Management, Members and Committee Services.

Development Services

Transportation and Infrastructure - no exception reports

Planning

- × Response to Planning Applications slower than planned due to the introduction of the new Comino system with no additional resources for the additional work. An additional staff member is in place in Oban. (same comment as previous quarter)

Operational Services

Roads and Amenity Services

- × The continuing deterioration in roads condition has led to an increase in the proportion of reactive repairs (as opposed to planned maintenance), an increase in the number of defects reported during inspections and an increase in public liability claims.

Facility Services

- The Facility Services quarterly report contains a great deal of detail across this very operational service. There is considerable variation in performance, much of which is due to customer demand. There is insufficient resource in the Policy and Strategy team to undertake a detailed analysis and report the exceptional performance. (same comment as previous quarter)

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