

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,  
LOCHGILPHEAD  
on FRIDAY, 27 JUNE 2008**

- Present:** Ian M M Ross (Chair)
- Councillor Roderick McCuish                      Councillor Ron Simon
- Attending:** Charles Reppke, Head of Democratic Services and Governance  
Bruce West, Head of Strategic Finance  
Danny Longwill, Head of Personnel Services (for item 4)  
Paul Cairns, ICT Development Manager (for item 3)  
Alex Colligan, Internal Audit Manager  
Gary Devlin, Grant Thornton UK LLP
- Apologies:** Councillor Mary Jean Devon                      Councillor Bruce Marshall  
Councillor Gordon Chalmers                      Dr Christopher Valentine

**1. DECLARATIONS OF INTEREST**

None declared.

**2. MINUTES**

The Minutes of the Audit Committee meeting held on 27 March 2008 were approved as a correct record.

**3. COMMUNITY SERVICES - EDUCATION COMPUTER SERVICES REVIEW**

The audit of the Education Network which was undertaken by Audit Scotland in 2004/2005 highlighted several recommendations that required action. The Audit Committee at its meeting on 27 March 2008 requested that the Head of Planning and Performance provide an explanation for the delay in implementation of the recommendations of the Education Computer Service Review. A report explaining the reasons for these delays was before the Committee for consideration.

**Decision**

To note the contents of the report.

(Reference: Report by Director of Community Services dated 27 May 2008, submitted).

**4. MANAGING ATTENDANCE**

A report advising on the Managing Attendance policy and procedures within the Council was considered.

**Decision**

To note the contents of the report.

(Reference: Report by Head of Personnel Services dated 16 June 2008, submitted).

## **5. INTERNAL AUDIT ANNUAL REPORT 2007-2008**

Internal Audit has the responsibility to provide to the Audit Committee an Annual report that comments on the duties and audits carried out by the section throughout the financial year. The Annual Report for 2007 - 2008 was before the Committee for consideration.

### **Decision**

To approve the Internal Annual Audit Report for 2007 - 2008.

(Reference: Report by Internal Audit Manager dated 10 June 2008 and Annual Internal Audit Report 2007-2008, submitted).

## **6. AUDIT COMMITTEE ANNUAL REPORT 2007-2008**

The Code of Practice for Internal Audit in Local Government (the Code) issued by CIPFA in 2000 sets out good practice in delivering internal audit services. The Code was revised in 2006 and Grant Thornton UK LLP, in May 2007 carried out a Code Compliance Review resulting in a report. One resultant recommendation required that the Audit Committee produce an Annual Report to the Council. A report summarising the work of the Audit Committee during the year and outlining its view of the Council's internal control framework, risk management and governance arrangements was before the Committee for consideration.

### **Decision**

To note and approve the contents of the report for submission to the Council.

(Reference: Report by Internal Audit Manager dated 9 June 2008, submitted).

## **7. EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2008-2009**

The Committee considered a report detailing the results from a review performed by Internal Audit on recommendations due to be implemented by 31 March 2008.

### **Decision**

1. To note the contents of the report and that these will be followed up by Internal Audit; and
2. To agree that if Actions F4 and F5 detailed at Appendix 2 of the report are not implemented by the time the Audit Committee next meets the Head of Roads and Amenity Services be asked to report the reasons for this delay at the next Audit Committee meeting on 19 September 2008; and
3. To note that the Internal Audit Manager will advise the Procurement Staff that outstanding Action I2 detailed at Appendix 2 should be progressed and

does not need to wait until amendments are made to the Council's Constitution.

(Reference: Report by Internal Audit Manager dated 4 June 2008, submitted)

## **8. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY**

A report on the progress being made with the implementation of the Council's Risk Management Business Continuity Strategy was considered.

### **Decision**

1. To note the terms of the report; and
2. To note that the Head of Democratic Services and Governance hopes to bring a presentation on the work undertaken to implement the Council's Business Continuity Strategy to the next meeting of the Audit Committee.

(Reference: Report by Governance and Risk Manager dated 6 June 2008, submitted).

## **9. SUMMARY OF QUARTERLY PERFORMANCE REPORTS**

A report summarising the Service quarterly reports for the period January to March 2008, consisting of the exceptional performance sections only was considered.

### **Decision**

1. To note the contents of the report; and
2. To agree to invite the Performance Manager to the next meeting of the Audit Committee to give a progress report on the implementation of Pyramid.

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

## **10. AUDIT FOLLOW UP OF ISSUES FROM QUARTERLY PERFORMANCE REPORTS FROM MARCH AUDIT COMMITTEE**

At the Audit Committee meeting on 27 March 2008 a request was made for an explanation on why there had been a rise from 71 to 100 employees in the top 2% of earners during the period October to December 2007. An explanation was also requested on the reason for the rise in exception reports relating to Audit Care. A report responding to these requests was considered.

### **Decision**

To note the contents of the report.

(Reference: Report by Internal Audit Manager dated 8 June 2008, submitted)

## **11. BRUICHLADDICH PIER**

The Committee considered a recommendation from the Economy Policy and Performance Group of 13 March 2008 requesting that the Audit Committee give consideration to the scrutiny of the Bruichladdich Pier Project.

### **Decision**

To agree to give consideration to the scrutiny of the Bruichladdich Pier project at the appropriate time.

(Reference: Extract from Minute of the Economy Policy and Performance Group of 13 March 2008, submitted).

## **12. UNAUDITED ANNUAL ACCOUNTS 2007-2008**

The Committee considered the Unaudited 2007/2008 Annual Accounts which had previously been considered by the Council.

### **Decision**

To note the Unaudited Annual Accounts for 2007/2008.

(Reference: Report by Head of Strategic Finance dated 20 June 2008 and Unaudited Annual Accounts 2007/2008, submitted)

## **13. REPORT ON 2007-2008 INTERNAL CONTROL STATEMENT (ICS)**

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 of the robustness of the Internal Control System for the financial year 2007 – 2008 for the Head of the Strategic Finance and this was submitted for consideration.

### **Decision**

To note the contents of the report and the Draft Internal Control Statement for 2007 – 2008 which maybe updated further when Grant Thornton completes their review of the Council's Annual Accounts for 2007 – 2008.

(Reference: Report by Internal Audit Manager dated 9 June 2008 and Draft Internal Control Statement 2007 – 2008, tabled)

## **14. INTERIM MANAGEMENT REPORT**

It was noted that this report was not available and would be considered at a future meeting of the Committee.

## **15. REPORT ON INTERNAL AUDIT**

A report detailing the External Auditor's follow up review of the Council's progress in implementing recommendations from their report entitled "Review of

Internal Audit" issued in May 2007 was before the Committee for consideration.

**Decision**

It was agreed to continue consideration of this item to the next meeting of the Committee.

(Reference: Report by Grant Thornton UK LLP, External Auditors, dated 30 May 2008, tabled)

**16. IT SYSTEMS AND APPLICATIONS**

It was noted that this report was not available and would be considered at a future meeting of the Committee.

**17. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE**

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

**Decision**

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

(Reference: Report by Internal Audit Manager dated 19 June 2008, submitted)

The Committee resolved in terms of Section 50A(4) 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 exempt information as defined in Paragraphs 1 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

**18. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE**

A report detailing executive summaries and actions plans (where applicable) for finalised special investigative work undertaken by Internal Audit was before the Committee for consideration.

**Decision**

To note the contents to the report.

(Reference: Report by Internal Audit Manager dated 19 June 2008, submitted)