

**MINUTES of MEETING of AUDIT COMMITTEE held in the MEMBERS' ROOM, KILMORY,
LOCHGILPHEAD
on FRIDAY, 5 MARCH 2010**

Present: Dr Christopher Valentine (Chair)

Councillor Gordon Chalmers	Councillor Andrew Nisbet
Councillor David Kinniburgh	Councillor James Robb

Attending: Iain Jackson, Governance and Risk Manager
Bruce West, Head of Strategic Finance
Iain Nisbet, Internal Audit Manager
Alan Brough, Exchequer Services Manager (for item 4)
Helen Thornton, Management Trainee
Stephen Vallely, Grant Thornton UK LLP, External Auditors

The Chair ruled, and the Committee agreed, to consider as a matter of urgency an additional report in respect of a Review of Performance Management as the Committee, at their meeting in September 2009, had requested that this be brought to the March 2010 meeting. This report is dealt with at item 17 of this Minute.

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated from Mr Ian M M Ross.

2. DECLARATIONS OF INTEREST

None declared.

3. MINUTES

The Minutes of the Audit Committee meeting held on 11 December 2009 were approved as a correct record.

4. E-PROCUREMENT SCOTLAND

There has been an awareness across the Council of the potential to achieve significant savings through Procurement since the Council joined the e-Procurement Scotland Programme in early 2004 and began to seriously engage with the Public Sector procurement agenda. A report outlining the savings made by the Council since 2007/08 was considered.

Decision

Noted the savings recognised by the Council from procurement over previous years and the significant potential for procurement activity to have a positive effect on delivery of Council services from reducing budgets.

(Reference: Report by Exchequer Services Manager dated 17 February 2010, submitted)

* **5. BEST VALUE REVIEWS**

A report informing the Committee of the procedure and guidance for service reviews and related governance structure was considered.

Decision

1. Noted the approach being taken by the Council to carry out service reviews;
2. Noted the Committee's concerns regarding insufficient scrutiny of service reviews currently being undertaken; and
3. Agreed to request the Executive to review the process to allow for a more thorough and robust scrutiny of service reviews involving a wider selection of Members and that this scrutiny takes place as early as possible to allow service reviews to be discussed and deliberated fully in advance of any decisions taken on them.

(Reference: Report by Head of Improvement and Strategic HR, submitted)

6. SERVICE REVIEW OF INTERNAL AUDIT

A report advising on progress with the service review of internal audit was considered.

Decision

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

(Reference: Report by Internal Audit Manager dated 27 January 2010, submitted)

7. FINANCIAL STATEMENTS 2009-2010

A report advising of the plans in place for financial year end 31 March 2010 and the preparation of the Council's Financial Statements for 2009-10 was considered.

Decision

Noted that plans are in place to prepare the Council's annual accounts, consistent with the accounting code of practice, and submit them to Council prior to 30 June 2010 in line with the Scottish Government's requirements.

(Reference: Report by Head of Strategic Finance dated 19 February 2010, submitted)

8. AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE 2009 - 2010

A report advising of the key messages of recently published Audit Scotland

reports entitled “Commonwealth Games 2014 - Progress Report on Planning for the Delivery of the XXth Games” and “Protecting and Improving Scotland’s Environment” was considered.

Decision

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

(Reference: Report by Internal Manager dated 19 February 2010, submitted)

9. ANTI FRAUD STRATEGY REVIEW

The Audit Committee on 11 December 2009 agreed their annual work plan which lists issues to be reviewed by the Committee through the year 2010 to 2011. Scheduled for March 2010, was a report on the review of the Council’s anti fraud and corruption arrangements which was before the Committee for consideration.

Decision

1. Noted the contents of the report and that these will be followed up by Internal Audit; and
2. Noted that the revised Anti Fraud Strategy would be presented to the Audit Committee in June 2010 for consideration and thereafter will be presented to the Council for approval.

(Reference: Report by Internal Audit Manager dated 25 February 2010, submitted)

10. NATIONAL FRAUD INITIATIVE 2008/2009

The Audit Committee on 11 December 2009 agreed their annual work plan which requires that an annual report covering the National Fraud Initiative (NFI) 2008/09 exercise is presented for the March 2010 Committee meeting. A report providing comments on the Audit Scotland NFI 2008-2009 exercise as at 22 February 2010 was considered.

Decision

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

(Reference: Report by Internal Audit Manager dated 25 February 2010, submitted)

11. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2009 - 2010

The Committee considered an interim progress report covering the audit work performed by Internal Audit up to 29 January 2010. The objective of the report is to advise Members of the progress of the Annual Audit Plan as attached at Appendix 1 of the report.

Decision

Approved the progress made with the Annual Audit Plan for 2009-2010.

(Reference: Report by Internal Audit Manager dated 19 February 2010, submitted)

12. AUDIT PLAN 2009 - 2010

Grant Thornton UK LLP has been appointed by the Accounts Commission for Scotland as the external auditor of Argyll and Bute Council for the five year period commencing 2006-2007. A Plan outlining how they will approach the audit of the Council in the fourth year of their appointment, reflecting their statutory duties and risk based approach, was considered.

Decision

Noted the Audit Plan for 2009-2010.

(Reference: Report by Grant Thornton UK LLP dated 11 February 2010, submitted)

13. ANNUAL AUDIT PLAN 2010 - 2011

The Committee considered the Audit Plan for 2010-2011 which details year 3 of the 3 year Strategic Audit Plan approved by the Audit Committee on 27 March 2008 and ensures that Internal Audit resources are effectively planned and controlled. The plan outlines the areas that will be audited in 2010-2011 and complies with a good practice CIPFA guideline to provide additional information to management.

Decision

Approved the Annual Audit Plan for 2010-2011.

(Reference: Report by Internal Audit Manager dated 25 February 2009, submitted)

14. EXTERNAL & INTERNAL AUDIT REPORT FOLLOW UP 2009 - 2010

The Committee considered a report detailing the results from a review performed by Internal Audit for recommendations due to be implemented by 31 December 2009.

Decision

1. Noted the contents of the report and that these will be followed up by Internal Audit; and
2. Agreed to request that separate reports be brought to the next meeting of the Committee advising on progress with the following outstanding actions detailed at appendix 2 of the report:-

Action Plan Number B7 – Head of ICT and Financial Services/Head of Democratic Services and Governance

Action Plan Number B8 – Head of Legal and Protective Services/Head of Planning

(Reference: Report by Internal Audit Manager, submitted)

15. RISK MANAGEMENT AND BUSINESS CONTINUITY STRATEGY

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

Decision

Noted the contents of the report.

(Reference: Report by Governance and Risk Manager, submitted)

The Chair ruled, and the Committee agreed, to adjourn the meeting at 1.35 pm for lunch.

The Committee reconvened at 2.05 pm.

*** 16. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2009 - 2010**

A report detailing final reports, summaries and action plans from recent audits was considered.

Decision

1. Noted the contents of the reports in respect of the following audits and that these will be followed up by Internal Audit:-

Review of Performance Management;
Review of Contract Management;
Car Allowances;
Review of European Funded Projects;
Review of Strategic Risk Register;
Review of Business Continuity; and
Review of Purchasing – Community Services
2. Noted that an in depth Review of Performance Management will be undertaken by Internal Audit during 2010/2011;
3. Agreed to request that a progress report in respect of the first two actions detailed in the current Review of Performance Management report be brought to the next meeting of the Audit Committee in June 2010; and
4. Agreed to refer the Review of Contract Management report to the Executive with a request that they ensure the actions detailed within this report are

implemented.

(Reference: Report by Internal Audit Manager dated 25 February 2010, 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 Paragraph 14 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

17. FILE TRANSFER REVIEW

As part of the 2009-10 Internal Audit Plan an internal audit of the IT file transfer process was performed in October and November 2009. The results of this review, which was carried out by KPMG, was before the Committee for consideration.

Decision

Noted the contents of the report which will be followed up by Internal Audit.

(Reference: Report by KPMG dated 26 January 2010, submitted)

18. VALEDICTORY

As this was Dr Christopher Valentine's last meeting, Councillor Robb recorded the Committee's thanks and appreciation to Dr Valentine for all his work and commitment to the Committee over the last 6 years.

Dr Valentine thanked the Committee for their good wishes.