

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBERS, KILMORY,
LOCHGILPHEAD
on FRIDAY, 26 JULY 2002**

Present: Councillor John Stirling (Chair)

Councillor Alistair MacDougall Mr Graham Michie
Councillor Robert Macintyre

Attending: Stewart McGregor, Director of Finance
Charles Reppke, Head of Democratic & Community Services
Ian Nisbet, Audit Manager
Steve Clark, KPMG
Asif Haseeb, Senior Audit Manager, Audit Scotland

Apologies: Councillor Gordon McKinven Mr Vincent Bradbury
Councillor James McQueen

1. MINUTES

The Committee approved the minutes of the Audit Committee of 24 May 2002 as a correct record.

2. VACANCY ON THE AUDIT COMMITTEE

At it's meeting on 27 June 2002, the Council agreed that Councillor Scoullar be replaced by Councillor Macintyre on the Audit Committee with effect from 26 July 2002.

Decision

To note the report.

(Ref: Report by Director of Corporate & Legal Services dated 27 June 2002, submitted)

3. PROGRESS REPORT ON 2002/2003 AUDIT PLAN

The progress on the audit work performed by Internal Audit during the first quarter of 2002-03 was reported on by the Internal Audit Manager.

Decision

To note the progress made with the Annual Audit Plan for 2002-03.

(Ref: Report by Internal Audit Manager dated 26 July 2002, submitted)

4. PROGRESS REPORT ON EXTERNAL AUDIT REPORTS

The Internal Audit Manager outlined the progress made by management in the

implementation of recommendations made by PricewaterhouseCoopers, the Council's former external auditors.

Decision

1. To note the contents of the Internal Audit Manager's Report dated 26 July 2002.
2. To note with concern the outstanding issues highlighted in the schedules and to request the appropriate officials to bring a detailed report on the reasons for non-compliance, if the issues remain unresolved as at the date of the next meeting.

(Ref: Report by Internal Audit Manager dated 26 July 2002, submitted)

5. UNAUDITED ANNUAL ACCOUNTS 2001-2002

The Director of Finance intimated that the unaudited Annual Accounts had been lodged with the Controller of Audit by 30 June 2002 as required by statute.

Decision

1. To note the submission of the unaudited accounts within the statutory timescale
2. To note the very small accumulated surplus and to highlight to the Council the need to increase this in their approach to the budget process for future years.
3. That the Education Finance Team be invited to give a presentation to the next Meeting of the Audit Committee.

(Ref: Report by Director of Finance dated 17 June 2002, submitted)

6. 2001-2002 ANNUAL REPORT

The Internal Audit Manager provided Members with information on audits performed by internal Audit during 2001-2002.

Decision

1. To note the terms of the report.
2. To recommend to the Council that it note the satisfactory performance of Internal Audit for 2001/02.

(Ref: Report by Internal Audit Manager dated 26 July 2002, submitted)

7. APPROACH TO BENCHMARKING

The Head of Accounting submitted a report outlining the approach to Benchmarking by internal audit which had been requested at the last meeting of the Audit Committee.

Decision

To note the terms of the report.

(Ref: Report by Head of Accounting dated 2 July 2002, submitted).

8. IMPROVING PERCENTAGE DIRECT AUDIT TIME

At its meeting on 24 May 2002, the Audit Committee had requested that Internal Audit along with KPMG identify steps to improve the target of 67% which is the present percentage of direct audit time. Steve Clark outlined the response to this request.

Decision

Agreed to note the terms of the report.

(Ref: Report by KPMG dated 25 June 2002, submitted)