

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,  
LOCHGILPHEAD  
on FRIDAY, 28 NOVEMBER 2003**

**Present:** Councillor Gary Mulvaney (Chair)

Councillor John Tacchi	Graham Michie
Councillor Donald MacMillan	Vincent Bradbury

**Attending:** Bruce West, Head of Strategic Finance  
Deirdre Forsyth, Area Corporate Services Manager  
Ian Nisbet, Internal Audit Manager  
Steve Keightley, KPMG  
Brian Haworth, Audit Scotland  
David McConnell, Audit Scotland

**Apologies:** Councillor John McAlpine Councillor Elaine Robertson

**1. MINUTES**

The Committee approved the minutes of the Audit Committee of 1 August 2003 as a correct record.

Arising from Item 2 (**Annual Accounts 2002/3 – Unaudited**) it was agreed that a report be brought to Audit Committee on 20 February 2004 regarding progress made by the Building DLO as against the action plan.

**2. PROGRESS REPORT ON EXTERNAL AUDIT REPORTS 2000/1**

The Committee were advised that as at 31 October 2003 Internal Audit were of the opinion that all recommendations had been implemented for external audit reports in respect of 2000/2001.

**Decision**

1. To note the contents of the submitted report.
2. That a report be brought to the next meeting of the Committee regarding the progress of the Disaster Recovery Plan.
3. To express satisfaction that the outstanding work on partial exemption calculations had now been completed.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted)

**\* 3. PROGRESS REPORT ON EXTERNAL AUDIT REPORTS 2001/2**

Internal Audit had prepared a list for all external audit management letters produced by Audit Scotland for 2001/2 and had outlined the progress made by management in the implementation of the report recommendations.

## **Decision**

1. To note the contents of the report and request that this be followed up by Internal Audit.
2. To recommend to Council that progression of an Asset Strategy should be high priority and that resources should be provided to enable preparation of a fully detailed asset register as soon as possible.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted).

## **4. EXTERNAL AUDIT REPORTS 2002/3**

Internal Audit had prepared a list for all external audit management letters/reports produced by Audit Scotland for 2002/3. Details regarding the results following a review of the progress being made by management in implementing the recommendations contained therein were outlined.

## **Decision**

1. To note the contents of this report and request that this be followed up by Internal Audit.
2. That reports regarding the outstanding actions identified at Appendix 2 and action point 5 of Appendix 3 be brought to the next meeting of the Audit Committee.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted).

## **5. PMP EXTERNAL AUDIT REPORTS 2002/3**

Audit Scotland, being satisfied that the Council has in place appropriate management arrangements to secure value for money from the resources available to it, do not plan to carry out any further follow up PMP Reviews. However, this function will be continually monitored by Internal Audit who intend reporting on progress made by local management in implementing remaining issues.

## **Decision**

1. To note the contents of the report and request that this be followed up by Internal Audit.
2. To request that a report regarding setting an implementation date for the redesign of customer survey forms (or confirming that this has now been completed, whichever is the case) be submitted to the next meeting of the Audit Committee.

(Ref: Report by Internal Audit Manager dated 28 November 2003, submitted).

## **6. PROGRESS ON INTERNAL AUDIT PLAN 2003/4**

An interim progress report had been prepared covering the audit work performed by Internal Audit up to the end of October 2003 which the Committee were asked to consider.

### **Decision**

To note the progress made with the Annual Audit Plan for 2003/4 and to welcome the increase in direct audit days.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted).

### **7. AUDIT SCOTLAND FOLLOW UP REVIEW OF INTERNAL AUDIT**

Audit Scotland indicate that a follow up to the initial review conducted in Autumn 2000 would take place in this financial year. Actions being taken were outlined to ensure that the Internal Audit section would be assessed as being amongst the most compliant with best practice in Scotland.

### **Decision**

To note the actions to be taken in respect of the follow-up review of Internal Audit.

(Ref: Report by KPMG dated 31 October 2003, submitted).

### **8. HMI REPORT 2002/3**

The Committee were advised of the current efforts being made by Community Services in responding to the recommendations made within the Moving to Mainstream – The Inclusion of Pupils with Special Education Needs in Mainstream Schools.

### **Decision**

To note the contents of the report and instruct that this be followed up by Internal Audit.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted).

### **9. THE SMITH REPORT (GUIDANCE FOR LOCAL AUTHORITIES)**

The key elements of guidance produced to assist organisations in making suitable arrangements for their Audit Committees were reported.

### **Decision**

To note the terms of the guidance provided by KPMG.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted).

### **10. MISSION STATEMENT AND TERMS OF REFERENCE**

The revised Mission Statement and Terms of Reference for Internal Audit were submitted for approval.

### **Decision**

To approve the submitted Mission Statement and Terms of Reference for Internal Audit.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted).

**11. CIPFA - AUDIT COMMITTEE PRINCIPLES IN LOCAL AUTHORITIES IN SCOTLAND**

Prior to the meeting, a guidance note on the Audit Committee principles in local authorities in Scotland had been circulated and Members were invited to submit any comments they wished to make thereon. The comments gathered to date were tabled at the meeting for consideration.

**Decision**

1. To delegate preparation of a formal consultation response to the Head of Strategic Finance.
2. That Members of the Committee be invited to forward any comments they wish to be included in the response to the Head of Strategic Finance.
3. That a copy of the final response be circulated to Members of the Audit Committee.

(Ref: Report by Internal Audit Manager dated 31 October 2003, submitted and comments by Members of the Audit Committee, tabled).

**12. AUDIT OF ANNUAL ACCOUNTS 2002/3: MEMBERS LETTER/AUDIT OF ACCOUNTS AND CERTIFIED ACCOUNTS**

The Annual Audited Accounts 2002/3 (and associated papers) were considered by the Audit Committee together with an instruction from the Council to monitor the external auditor's recommendations.

**Decision**

1. To note the request from the Council that this Committee monitors the recommendations contained with the action plan and to instruct Internal Audit to prepare a report for the next meeting of the Committee.
2. To commend the Finance Department, Auditors and those other staff involved in the preparation of the Annual Accounts in achieving a clean audit certificate.

(Ref: Members letter – Audit of Accounts and Certified Accounts 2002/3, submitted and recommendation of Argyll and Bute Council of 26 November 2003, tabled).