

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBERS, KILMORY
on THURSDAY, 21 SEPTEMBER 2006**

Present: Councillor Gary Mulvaney (Chair)

Councillor John Tacchi

Ian Ross

Attending: Deirdre Forsyth, Area Corporate Services Manager
Bruce West, Head of Strategic Finance
Ian Nisbet, Internal Audit Manager
Susan Mair, Head of Legal and Protective Services
Moirra Miller, Finance Manager - Corporate Accounting
Steve Keightly, KPMG
Angela Cassels, Audit Scotland
Ian Bell, Audit Scotland

1. APOLOGIES

Apologies were received from Christopher Valentine and Councillors Elaine Robertson, Donald MacMillan and John McAlpine.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

(a) AUDIT COMMITTEE 9 JUNE 2006

The minutes of 9 June 2006 were approved as a correct record.

(b) AUDIT COMMITTEE 13 JULY 2006

The minutes of 13 July 2006 were approved as a correct record.

4. MAINTAINING SCOTLAND'S ROADS

Audit Scotland issued a national report towards the end of November 2004 entitled, "Maintaining Scotland's Roads". The national report did not have any implementation dates assigned to its 9 recommendations. The Head of Roads & Amenity Services prepared an action plan incorporating the report's recommendations and added a further 3 to reflect dependent issues. The Head of Service commenced reporting to the Audit Committee and Strategic Policy Committee (SPC) in December 2004. The Committee considered the current implementation position in respect of planned actions.

Decision

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report

(Reference: Report by Internal Audit Manager dated 28 August 2006, submitted).

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

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 Audit Scotland and Internal Audit. The Committee considered the results from a review performed by Internal Audit for recommendations due to be implemented by the 30th June 2006.

Decision

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report

(Reference: Report by Internal Audit Manager dated 31 August 2006, submitted).

6. HMIE ACTION PLAN 2004-2005

The Education Service of Argyll & Bute Council was inspected during the period December 2004 to January 2005 by HM Inspectorate of Education (HMIE), as part of a 5 year national inspection programme of all local authorities in Scotland. In June 2005 HMIE issued their inspection report. This outlined service key strengths plus areas requiring improvement. The HMIE review found that the service demonstrated good and improving performance but indicated areas where further improvement could be made.

Decision

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report.

(Reference: Report by Internal Audit Manager dated 21 August 2006, submitted).

7. ANNUAL ACCOUNTS 2005-2006 (UNAUDITED)

The Committee considered the Annual Accounts (Unaudited) 2005-2006. The accounts had been submitted to the Council meeting on 28 June 2006 and it is usual practice to submit them to the following Audit Committee.

Decision

The Committee noted the accounts.

(Reference: Annual Accounts (Unaudited) 2005-2006, submitted).

8. INTERNATIONAL STANDARD ON AUDITING 260 (ISA 260) LETTER

Audit Scotland provided an audit letter to the Audit Committee 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 a body in sufficient time to enable appropriate action to be agreed prior to the finalisation of the Annual Accounts for 2005 - 2006.

Decision

It was agreed to note and agree the contents of the ISA 260 letter.

(Reference: Report by Internal Audit Manager dated 12 September 2006 and ISA 260 correspondence, submitted).

9. RECENT EXTERNAL AUDIT REPORTS ISSUED 2005-2007

The Committee considered a report containing the executive summary and action plan for new reports issued by Audit Scotland since the last Audit Committee.

Decision

It was agreed:

1. To note the contents of the report
2. To instruct Internal Audit to follow up the contents of the report.

(Reference: Report by Internal Audit Manager dated 18 August 2006, submitted).

10. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2006-2007

The Committee considered an interim progress report detailing the audit work performed by Internal Audit up to the 8th of September 2006. The report informed the Committee of the progress of the Annual Audit Plan.

Decision

It was agreed to approve the progress made with the Annual Audit Plan for 2006 - 2007.

(Reference: Report by Internal Audit Manager dated 12th September 2006, submitted).

11. LEGAL AND PROTECTIVE SERVICE PERFORMANCE

At their meeting on 9th June, the Audit Committee requested that the Head of Legal and Protective Services provide a report detailing the department's performance indicators and value for money. The concerns were particularly centred around the delay in the provision of a legal service in respect of certain matters. The Committee considered a report which set out a number of issues which have impacted on the delivery of legal services within recent years.

Decision

It was agreed:

1. To note the contents of the report.
2. To receive a further report to the next meeting of the Audit Committee.

(Reference: Report by Head of Legal and Protective Services dated 14 September 2006, tabled).

12. QUARTERLY SERVICE REPORTING PROCESS

In February 2006 Audit Scotland issued a report entitled "The Audit of Best Value and Community Planning". The report and findings related to the performance of Argyll and Bute Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. Part 2 of the report pertaining to Scrutiny, recognised the effectiveness of the Audit Committee but requested its role be further developed to provide challenge on service performance information. In response to the Audit Scotland The Committee considered an outline of the process for scrutinising service performance information to the Audit Committee.

Decision

It was agreed to approve the process outline set out in this report.

(Reference: Report by Internal Audit Manager dated 31st August 2006, submitted).

13. BEST VALUE REVIEW PROCESS REPORT

In February 2006 Audit Scotland issued a report entitled "The Audit of Best Value and Community Planning". The report and findings related to the performance of Argyll and Bute Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. Part 2, paragraph 61 of the report pertaining to Scrutiny, recognised the effectiveness of the Audit Committee but requested its role be further developed to provide challenge on the findings and methodology of Best Value Reviews. In response to the Audit Scotland report the Council prepared an Improvement and Development Plan in May 2006. The Committee considered an outline of the process for scrutinising service performance information to the Audit Committee.

Decision

It was agreed to approve the process outline set out in this report.

(Reference: Report by Internal Audit Manager dated 31st August 2006, submitted).

The Chairman thanked Angela for her hard work over the last five years and on behalf of the Audit Committee wished her the best of luck for her retirement.

