

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,  
LOCHGILPHEAD  
on FRIDAY, 19 SEPTEMBER 2008**

**Present:**

Mr Ian M M Ross (Chair)

Councillor Gordon Chalmers  
Councillor Roderick McCuish

Dr Christopher Valentine

**Attending:**

Charles Reppke, Head of Democratic Services and Governance  
Bruce West, Head of Strategic Finance  
Alex Colligan, Internal Audit Manager  
Ian Nisbet, Internal Audit Manager  
Gary Devlin, Grant Thornton UK LLP, External Auditors

**Apologies**

Councillor Mary Jean Devon  
Councillor Bruce Marshall

Councillor Ron Simon

The Chair ruled, and the Committee agreed, that the business dealt with at item 3 of this Minute be dealt with as a matter of urgency, by reason of the need to allow the Committee to consider the External Auditor's report on the audit of the Council's Annual Accounts for 2007/2008 before these are submitted to the Council in November 2008.

**1. DECLARATIONS OF INTEREST**

None declared.

**2. MINUTES**

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

**3. REPORT ON THE 2007-2008 ACCOUNTS AUDIT**

Grant Thornton UK LLP, the Council's External Auditors audited the financial statements of Argyll and Bute Council for 2007-2008 financial year. A report setting out the key findings emerging from the audit was before the Committee for consideration.

**Decision**

To note the contents of the report.

(Reference: Report by Grant Thornton UK LLP, External Auditors dated 16 September 2008, tabled)

**4. SELF ASSESSMENT OF AUDIT COMMITTEE**

To assist Audit Committees in local government in effectively discharging their functions, CIPFA issued guidance in 2004 which outlines the principles Audit Committees should adopt in addressing their functions across key areas and these guidelines suggest that the Audit Committee should look at themselves in terms of performance.

Gary Devlin from the Council's External Auditors gave a presentation which highlighted the role and remit of the Audit Committee and suggested ways in which the Committee could carry out a review of its performance.

### **Decision**

1. To acknowledge the work that needs to be undertaken by the Audit Committee in terms of Strategic Risk Management;
2. To agree that arrangements should be put in place for the Audit Committee to get together for a self assessment day facilitated by an external adviser; and
3. To note that the Chair of the Audit Committee and the Head of Democratic Services and Governance will liaise to finalise arrangements for the self assessment day including the appointment of an external adviser to facilitate this process on the day.

## **5. AUDIT FOLLOW UP OF ISSUES FROM JUNE AUDIT COMMITTEE**

At the Audit Committee on 27 June 2008 Members requested an update on the Equality Impact Assessments carried out by departments. At the same meeting confirmation was sought in respect of where and how the Council sourced its stock of library books. A report providing an up date on these issues was considered.

### **Decision**

1. To note the contents of the report; and
2. To note that the Head of Democratic Services will check whether or not sexual orientation is included within the Council's Equality and Diversity Scheme.

(Reference: Report by Internal Audit Manager dated 27 June 2008, submitted)

## **6. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2008-2009**

A report advising Members of the progress of the Annual Audit Plan was considered.

### **Decision**

To approve the progress made with the Annual Audit Plan for 2008 – 2009 which is currently behind schedule.

(Reference: Report by Internal Audit Manager dated 28 August 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 30 June 2008.

### **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 26 August 2008, submitted)

## **8. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE**

A report detailing report summaries and action plans 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 28 August 2008, submitted)

## **9. AUDIT SCOTLAND REPORTS TO AUDIT COMMITTEE 2008-2009**

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 external audit reports (including Audit Scotland reports) be reported to the Audit Committee. A report advising of reports published by Audit Scotland in 2007/08 and 2008/09 was considered.

### **Decision**

1. To note the contents of the report and report summaries, key findings and recommendations in respect Audit Scotland reports published in 2007/2008 and 2008/09 as detailed at paragraph 3.1 of the report; and
2. To note that Internal Audit will undertake further scrutiny of the Audit Scotland reports in respect of Waste Management, A Review of Free Personal and Nursing Care and Improving the School Estate.

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

## **10. PYRAMID - PROGRESS REPORT**

A report providing a brief update of progress with the implementation of the Council's performance management system, Pyramid, was considered.

### **Decision**

To note the contents of the report.

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

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

A report providing a summary of the Service quarterly reports for the period April to June 2008, consisting of the exceptional performance sections only was considered.

### **Decision**

To note the contents of the report and agree that the current format of reporting to the Audit Committee is adequate.

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

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

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

### **Decision**

To note the contents of the report and that a presentation will be made to the Audit Committee in December on the outcomes of the Business Continuity process.

(Reference: Report by Governance and Risk Manager dated 2 September 2008, submitted)

## **13. INTERNAL AUDIT SECONDMENT POLICY**

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 of compliance review resulting in report. One resultant recommendation required that Internal Audit have a policy on the secondment of staff both from and to Internal Audit. A report with a proposed Internal Audit Secondment policy was before the Committee was considered.

### **Decision**

To approve the proposed policy attached to the report.

(Reference: Report by Internal Audit Manager dated 27 August 2008, submitted)

## **14. INTERIM MANAGEMENT REPORT**

The Council is required to have arrangements in place for ensuring propriety, regularity and Best Value in the stewardship of public funds and it is the responsibility of management to ensure that adequate internal controls are in place which ensure that resources are applied to the activities intended; deter fraud and irregularity; and ensure the most effective use of resources.

As part of the External Auditor's 2007-2008 Audit, a review was carried out on the adequacy of the Council's internal control framework in respect of financial management and budgetary controls; audit committee arrangements; and participation in the National Fraud Initiative exercise.

A report advising of the key findings of this review and action plan was before the Committee for consideration.

#### **Decision**

1. To note the contents of the report and that these will be followed up by Internal Audit; and
2. To note that the issue relating to membership of the Audit Committee will be brought to the Council's attention.

(Reference: Report by Grant Thornton UK LLP, External Auditors dated 28 August 2008, submitted)

### **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 considered.

#### **Decision**

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

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

### **16. IT SYSTEMS AND APPLICATIONS**

As part of the External Auditor's 2007-2008 Audit, a review was carried out on the adequacy of the Council's general controls over IT systems and applications. A report advising on the outcome of this review 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 Grant Thornton UK LLP, External Auditors dated 30 June 2008, submitted)