

**MINUTES of MEETING of AUDIT COMMITTEE held in the COUNCIL CHAMBER, KILMORY,
LOCHGILPHEAD
on FRIDAY, 10 DECEMBER 2010**

Present:

Mr Ian M M Ross (Chair)

Mr Martin Caldwell
Councillor Daniel Kelly

Councillor David Kinniburgh
Councillor James Robb

Attending:

Charles Reppke, Head of Governance and Law
Bruce West, Head of Strategic Finance
Ian Nisbet, Internal Audit Manager
Sandy Mactaggart, Executive Director – Development and
Infrastructure Services (for item 1)
Cleland Sneddon, Executive Director – Community Services (for
item 2)

The Chair welcomed everyone to the meeting and extended a special welcome to the new Depute Chair, Martin Caldwell.

The Head of Governance and Law advised that as Councillor Nisbet had been appointed to the role of Spokesperson for Social Affairs from 6 December 2010 he would no longer be able to be a member of the Audit Committee and that a nomination to fill this vacancy was expected from the Council's Opposition. The Chair recorded his appreciation of the contribution Councillor Nisbet made to the Audit Committee and wished him well in his new role.

The Chair ruled, and the Committee agreed, to vary the order of business to allow Officers to attend to other business. It was agreed to discuss the report regarding Argyll Air Services first and thereafter the Internal Audit Report regarding Pupil Work Placements.

1. APOLOGIES FOR ABSENCE

An apology for absence was intimated from Councillor Gordon Chalmers. It was also noted that Grant Thornton, External Auditors, were unable to attend the meeting today due to the weather.

2. DECLARATIONS OF INTEREST

None declared.

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 Paragraphs 1 and 6 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

3. ARGYLL AIR SERVICES

Consideration was given to a report which was previously before the Executive on 4 November 2010 and provided an update on the current operational and financial position of Argyll Air Services.

Decision

Noted the contents of the report and the way forward which was approved by the Executive.

(Reference: Report by Executive Director – Development and Infrastructure Services, submitted)

The press and public were invited to return to the meeting.

4. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE - PUPIL WORK PLACEMENTS

A final report, summary and action plan from a recent audit carried out on Pupil Work Placements was considered.

Decision

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

(Reference: Report by Internal Audit Manager dated 8 October 2010, submitted)

5. MINUTES

The Minutes of the Audit Committee meeting held on 17 September 2010 were approved as a correct record.

6. PROGRESS REPORT ON INTERNAL AUDIT PLAN 2010 - 2011

An interim progress report covering the audit work performed by Internal Audit as at 12 November 2010 was considered.

Decision

Approved the progress made with the Annual Audit Plan for 2010-2011.

(Reference: Report by Internal Audit Manager dated 17 November 2010, submitted)

7. EXTERNAL & INTERNAL AUDIT REPORT FOLLOW UP 2010 - 2011

Internal Audit document the progress made by departmental management in implementing the recommendations made by both External Audit and Internal Audit. A report setting out the results from a review performed by Internal Audit for recommendations due to be implemented by 31 October 2010 was considered.

Decision

Noted and approved the contents of the report.

(Reference: Report by Internal Audit Manager dated 12 November 2010,

submitted)

8. AUDIT SCOTLAND NATIONAL REPORTS TO AUDIT COMMITTEE 2010 - 2011

A report advising of the key messages of three recently published reports by Audit Scotland entitled “Roles and Working Relationships”, “Getting it Right for Children in Residential Care” and Physical Recreation Services in Local Government” was considered.

Decision

1. Noted the contents of the reports and that these will be follow up by Internal Audit; and
2. Noted the contents of the reports submitted to the Executive in September 2010 covering recent developments in Corporate Parenting.

(Reference: Report by Internal Audit Manager dated 1 December 2010, submitted)

9. INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2010 - 2011

A report detailing final reports, summaries and action plans (where applicable) 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:-
 - (a) Cash and Income Banking
 - (b) Scottish Governance/European Leader Certification 2009-10
 - (c) Scottish Government/European Leader Service Level Agreement 2010-11
 - (d) Tendering Procedures
 - (e) Campbeltown Community Project – Post Implementation Review
2. Agreed that a further report on progress with the Scottish Government/ European Leader Service Level Agreement 2010–11 should be brought to the next Audit Committee meeting in March 2011.

(Reference: Report by Internal Audit Manager dated 15 November 2010, submitted)

10. LEGAL SERVICES SERVICE REVIEW

A report providing an update on progress with the Legal Services Review was considered.

Decision

Noted the contents of the report.

(Reference: Report by Head of Governance and Law, submitted)

11. RISK MANAGEMENT

Responsibility for risk management transferred to Strategic Finance following the Council's restructuring at department and Head of Service level. A verbal report providing an update of the position with respect to the Council's risk management arrangements was considered and it was noted that the details of the summary would be given to the Committee.

Decision

Noted the contents of the report.

(Reference: Report by Head of Strategic Finance dated 10 December 2010, tabled)

12. EXTERNAL AUDIT ISSUED REPORTS 2010

A report introducing three reports issued by Grant Thornton since the last Audit Committee entitled "Governance Arrangements", "Best Value and Community Planning Follow Up Report" and "Annual Report to Members and the Controller of Audit" was considered.

Decision

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

(Reference: Report by Internal Audit Manager dated 1 December 2010, submitted)

13. AUDITED ACCOUNTS 2009/2010

The external auditors, Grant Thornton UK LLP, have completed their audit of the Council's accounts for the year to 31 March 2010. The audited accounts incorporating the audit certificate and the external audit report 2009-2010 (attached and referred to at item 10 above) were considered by the Council on 6 December 2010 and were now before the Audit Committee for consideration. The audit certificate contains no qualifications and the external audit report highlights key issues for the attention of Members.

Decision

Noted the audited accounts, the terms of the audit certificate and the external audit report and that the Audit Committee will monitor the action plans agreed in response to individual audit reports that have been issued during the year.

(Reference: Report by Head of Strategic Finance dated 11 November 2010, 2009-2010 Annual Accounts and Report on the 2009-2010 Audit by Grant Thornton UK LLP dated 3 December 2010, submitted)