

## **EAST AYRSHIRE COUNCIL**

### **RISK AND AUDIT SCRUTINY GROUP**

#### **MINUTES OF MEETING HELD ON THURSDAY 23 NOVEMBER 2006 AT 1400 HRS IN MEETING ROOM 1, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK**

**PRESENT:** Councillors William Crawford, Gordon Cree and Stuart Finlayson; Fiona Lees, Chief Executive; and Alex McPhee, Executive Head of Finance.

**ATTENDING:** Graham Short, Executive Director of Educational and Social Services; William Stafford, Executive Director of Neighbourhood Services; David Mitchell, Head of Administrative and Legal Services; Colin Houston, Chief Auditor; Sandy Gillatt, Chief Engineer – Traffic and Transportation; Michela Costa - Watt, Audit Manager Alan Wasson, Audit Manager; Robin Baker, Financial Controller; and Stuart Nelson, Administrative Officer.

**ALSO ATTENDING:** Joanne McWilliams, Engagement Manager, PricewaterhouseCoopers LLP; and David Richardson, Audit Scotland.

**APOLOGIES:** Councillors Stephanie Young, Willie Coffey, Douglas Reid, Eric Jackson and Elaine Dinwoodie.

**CHAIR:** Councillor William Crawford, Chair.

#### **PREVIOUS MINUTES**

1. There were submitted, and approved as a correct record, the Minutes of the Meeting of the Risk and Audit Scrutiny Group held on 21 June 2006 (circulated).

#### **EXTERNAL AUDITOR'S ANNUAL REPORT TO THE CONTROLLER OF AUDIT AND TO COUNCIL MEMBERS: 2005/2006 AUDIT**

2. There was submitted the External Auditor's Annual Report to the Controller of Audit and to Council Members: 2005/2006, dated September 2006 (circulated), by PricewaterhouseCoopers LLP, which directed attention to matters of significance which had arisen out of the 2005/2006 audit process and confirmed what action was planned by management to address the more significant matters identified for improvement.

In this connection, the Group received a detailed presentation by Joanne McWilliams, Engagement Manager with PricewaterhouseCoopers LLP, on the terms of the report.

Thereafter, during discussion:-

- the Chief Executive, the Executive Head of Finance and Joanne McWilliams acknowledged the strength of the robust and constructive working relationship which had existed between East Ayrshire Council and PricewaterhouseCoopers LLP during the latter's time as the Council's External Auditor which had positively contributed to the progress achieved over the period in question;
- the Executive Head of Finance confirmed his full agreement with the action points identified in the report, and that these were being, and would continue to be, taken forward as necessary;

- Joanne McWilliams responded to an issue raised by Councillor Crawford regarding Financial Reporting Standards referred to in the report; and
- the Chief Executive detailed progress made, or the measures put in place to take forward, the action points set out in the report.

It was agreed to note the terms of the report and the further information provided during discussion.

### **INTERNAL AUDIT PLAN 2006/2007: PROGRESS REPORT**

3. There was submitted a report dated November 2006 (circulated) by the Chief Auditor which provided a mid-year progress report on performance against the Internal Audit Plan for financial year 2006/2007.

During discussion:-

- the Executive Director of Neighbourhood Services and the Head of Administrative and Legal Services provided information in response to an enquiry by Councillor Cree relating to the Council's procurement processes;
- the Executive Director of Neighbourhood Services and the Chief Auditor responded to a matter raised by Councillor Crawford regarding the number of fleet vehicles operated by the Building and Works Section;
- the Head of Administrative and Legal Services and the Chief Auditor provided further detail on a fuel investigation undertaken by the Internal Audit Section;
- the Chief Executive highlighted the importance of revisions to the Plan as set out in Section 5 of the report, to enable the Internal Audit Section's contribution to cross boundary assignments involving the three Ayrshire Councils under the integrated service delivery governance modelling project, in relation to managing absence, energy management and internet and e-mail usage; and
- the Chief Executive confirmed progress in respect of the recommendations for action set out in the report.

It was agreed to note the terms of the report and the points of clarification provided during discussion.

The meeting terminated at 1445 hrs.