

EAST AYRSHIRE COUNCIL

RISK AND AUDIT SCRUTINY GROUP

MINUTES OF FIRST MEETING HELD ON MONDAY 13 JUNE 2005 AT 1430 HOURS IN THE MEETING ROOM, COUNCIL HEADQUARTERS, LONDON ROAD, KILMARNOCK

PRESENT: Councillors William Crawford, Stephanie Young, Daniel Coffey, Douglas Reid, Gordon Cree and Stuart Finlayson; and Fiona Lees, Chief Executive; and Alex McPhee, Executive Head of Finance.

ATTENDING: Elizabeth Morton, Depute Chief Executive/Executive Director of Corporate Support; David Mitchell, Head of Administrative and Legal Services; Colin Houston, Chief Auditor; and Stuart Nelson, Administrative Officer.

ALSO ATTENDING: Mark Thomson, Manager – Government and Public Sector, PricewaterhouseCoopers.

APOLOGIES: Councillors Eric Jackson and Elaine Dinwoodie.

CHAIR: Councillor William Crawford, Chair.

AUDIT COMMITTEE PRINCIPLES

1. The Group received a presentation by Mark Thomson, Manager – Government and Public Sector, PricewaterhouseCoopers, which provided an overview of the nature, duties and responsibilities of the Group, its role in monitoring the Council's internal control arrangements, the context within which the Group operates and the benefits for the authority and the key sources of guidance impacting upon the Group's conduct; and highlighted the Group's key contribution to the effective implementation of Corporate Governance within the Authority.

Mark Thomson then responded to questions put, and issues raised by, Members of the Group.

The Chair thanked Mark Thomson for the presentation.

EXTERNAL AUDIT STRATEGY

2. There was submitted and noted a report dated 17 May 2005 (circulated) by the Executive Head of Finance which advised of the responsibilities of the External Auditor and how these would be discharged.

FOLLOW-UP OF 2003/2004 AUDIT RECOMMENDATIONS

3. There was submitted a report dated 27 May 2005 (circulated) by the Executive Head of Finance which advised of the status of recommendations arising from the 2003/2004 Audit.

It was agreed:-

- (i) to note the terms of the report; and
- (ii) to note that the Executive Head of Finance would report to a future meeting in respect of the Pension Fund issue which had been highlighted as an action point from the 2003/2004 audit.

ANNUAL REPORT

4. There was submitted a report (circulated) by the Chief Auditor which highlighted matters of significance that had originated from the 2004/2005 audit process and offered an opinion on the adequacy and effectiveness of the Council's systems of internal control.

It was agreed:-

- (i) to note the contents of the Annual Report 2004/2005 as appended to the Chief Auditor's Report; and
- (ii) otherwise, note the terms of the report.

Councillor Young left the meeting at this point.

AUDIT PLAN 2005/2006

5. There was submitted a report (circulated) by the Chief Auditor which advised of the Internal Audit Plan for 2005/2006.

It was agreed:-

- (i) to note the contents of the Internal Audit Plan 2005/2006 as detailed in the Chief Auditor's report; and
- (ii) otherwise, to note the terms of the report.

CORPORATE RISK MANAGEMENT ARRANGEMENTS

6. There was submitted a report dated 7 June 2005 (circulated) by the Executive Head of Finance which informed of the current arrangements for Risk Management within the Council and sought approval of a proposed Action Plan in respect of future activity.

It was agreed:-

- (i) to approve the Action Plan in respect of future activity, as detailed in the report;
- (ii) to note that a further report on development of the strategic approach to risk identification and management would be submitted to a future meeting of the Group, following consideration of this matter by the Corporate Management Team; and
- (iii) otherwise, to note the terms of the report.

The meeting terminated at 1525 hours.