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## GOVERNANCE AND AUDIT COMMITTEE

Meeting of Thursday 20 September 2007  
at 10.30am in Council Offices, English Street, Dumfries

### Present

#### Members

<b>Robert J Higgins</b> (Chairman)	-	Wigtown West
<b>Andrew S Wood</b> (Vice Chairman)	-	Mid & Upper Nithsdale
<b>Ted Brown</b>	-	Annandale North
<b>Brian Collins</b>	-	Castle Douglas & Glenkens
<b>Archie Dryburgh</b>	-	Annandale East
<b>Thomas Jacques</b>	-	Dee
<b>Lorna J McGowan</b>	-	Lochar
<b>David J McKie</b>	-	North West Dumfries
<b>Sean W Marshall</b>	-	Annandale South
<b>Ronnie Nicholson</b>	-	North West Dumfries
<b>George N Prentice</b>	-	Castle Douglas & Glenkens
<b>Willie Scobie</b>	-	Stranraer & North Rhins
<b>Colin Smyth</b>	-	Nith
<b>Doug Snell</b>	-	North West Dumfries
<b>David Stitt</b>	-	Abbey
<b>John Syme</b>	-	Mid & Upper Nithsdale

#### Officials

<b>Robin Bennie</b>	-	Director of Finance
<b>Kevin Geraghty</b>		Chief Internal Auditor
<b>Carol Henshall</b>		Service Manager Committee and Member Services
<b>Paul Garrett</b>		Operations Manager Accountancy
<b>Fiona McLaren</b>		Finance Officer

#### Apologies

**Iain W Dick**      Stranraer & North Rhins

#### In Attendance

**Elaine Barrowman** - Audit Scotland  
**Peter Tait** - Audit Scotland

#### Alex Haswell

Group Manager Corporate Support & Governance

**15 Members present**

**1. MINUTE OF MEETING OF 21 AUGUST 2007**

**Decision**

**NOTED**

**MEMBER - John Syme entered the meeting - 16 Members present**

**2. AUDIT OF THE COUNCIL'S 2006/07 FINAL ACCOUNTS – POINTS ARISING – Report dated 13 September 2007 by Director of Finance.**

Heard Mr Peter Tait of Audit Scotland.

**Decision**

**2.1 RECEIVED** the external auditor's letter on the audit of the 2006/07 accounts;

**NOTED**

**2.2** the 10 issues brought to the Council's attention in respect of the combined deficit on the Local Government, Police and Fire Pension Schemes; the Council's overall financial position; the failure of three trading operations to achieve the statutory break even target set by the Local Government in Scotland Act 2003; financial planning for Equal Pay; provision for Food preparation charges, Capital slippage; the £1.75m loan from the Dumfries and Galloway Pension Fund to the Council; resource transfer underspends; the Corporate governance assurance statement and need to improve risk management and need to implement a business continuity plan and need for completion of title deeds checks;

**2.3** that no issues had been identified in the course of the audit which had impacted on the fairness of the financial statements submitted for audit; and

**2.4** that the Full Council would be asked to remit detailed consideration of the certified accounts, and of the external auditor's report to the Governance and Audit Committee;

**2.5** risks identified and assurances needs on the capital programme management measures and control mechanisms for performance monitoring and **AGREED** to bring forward the report programmed for the January 2008 meeting on the outcome of measures to address capital slippage for consideration at the meeting on 27 November 2007;

**AGREED**

**2.6** that a report be received by the Finance Sub Committee on options for concluding the loan from the Dumfries and Galloway Pension Fund;

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2.7 to receive a report on processes in place to ensure the statutory break even target set by the Local Government in Scotland Act 2003 on the three failing trading accounts **NOTING** that quarterly monitoring reports were provided to the Combined Services Sub Committee of the Resources Committee by the Corporate Director of Combined Services ;

2.8 appreciating the risks associated with the non assurance of title deeds in the management of the Council's Assets, that a report be presented to an early meeting of the Resources Committee on the work undertaken to trace the title deeds to the Council's Heritable properties including Common Good Assets with a report thereafter to this Committee;

2.9 to recommend that the Social Work Services Committee receive bi-monthly reports on resource transfer under spends and on progress and procedures in place for ensuring the setting up of care projects and identification of care packages for individuals which could be funded in line with the terms of the resource transfer agreements;

2.10 appreciating the specific representation made to the Auditor by the Director of Finance that £1.5 million was the best estimate of the expenditure likely to be required to settle the present obligation on the balance sheet to commend that the Social Work Services Committee receive regular quarterly reports on progress on Food preparation repayments;

2.11 in respect of the Governance Assurance Statement to receive a report to the next meeting on processes in place to ensure Council decision making processes through identification and presentation of business to Committees of the Council and the assurance processes and standards that obtain in ensuring that decisions of Members were actioned and reported upon ; and

2.12 to receive a report to the next meeting on assurance arrangements for Member Support Services to ensure consistency and best value in the application of the agreed standards and policies for Member support in advertising of Member surgeries and other support arrangements.