

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
30 JANUARY 2019

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Council Chamber, 2 High Street, Perth on Wednesday 30 January 2019 at 9.30am.

Present: Councillors E Drysdale, S Donaldson, A Coates, D Illingworth, X McDade, M Williamson and W Wilson.

In Attendance: J Clark, C Irons, S Mackenzie, M Morrison, C Robertson, L Simpson and L Gowans (all Corporate and Democratic Services); C Taylor (Education and Children's Services); F Crofts and S Merone (Housing and Environment).

Also In Attendance : N Duncan and M Stewart, Internal Audit.

Councillor Drysdale, Convener, Presiding.

40. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting. There were no apologies.

41. DECLARATIONS OF INTEREST

Councillors S Donaldson and X McDade declared a non-financial Interest in Art. 45(iii)(a) on LEADER in terms of the Councillors' Code of Conduct.

42. MINUTE

The minute of meeting of the Audit Committee of 7 November 2018 (Arts 649-658) was submitted and approved as a correct record and authorised for signature.

In relation to Article 656, it was noted that the two contracts which had not been notified to Public Contracts Scotland within the appropriate time limit had been fifteen and twenty-eight weeks outwith the time limit.

43. INTERNAL AUDIT FOLLOW UP

There was submitted a report by the Chief Internal Auditor (19/24) presenting a current summary of Internal Audit's follow up work.

It was noted that in respect of action plan 17-22 relating to Elected Members Allowances, that a decision had been made not to progress the action. L Simpson confirmed that a pragmatic approach had been taken as Elected Members were not subject to the Maximising Attendance Policy introduced for staff.

Resolved:

- (i) The current position in respect of the agreed actions arising from internal and external work, be noted.
- (ii) The action plans be progressed, taking into account the recorded audit opinions.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
30 JANUARY 2019

44. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (19/25) presenting a summary of Internal Audit's work.

In response to a question from Councillor S Donaldson, J Clark advised that usually Internal Audit were contacted by a Team Leader to provide advice, assurance and/or assistance to services regarding specific issues where a process was being reviewed or changed. J Clark would confirm to Councillor Donaldson whether or not the eleven occasions they were asked for advice this year was higher than last year.

Resolved:

The progress of assignments from the 2018/19 Audit Plan, be noted.

45. INTERNAL AUDIT UPDATE

(i) Education and Children's Services

(a) 18-11 –School Estate Strategy

There was submitted a report by the Chief Internal Auditor (19/26) on an audit to ensure (1) there was a clear vision and strategy of how the School Estate was managed; (2) that consideration was given to appropriate matters, such as condition, suitability and sufficiency of the School Estate and (3) that there were robust governance arrangements in place and operating effectively for School Estate planning.

It was noted that the School Estate Sub-Committee and the Property Sub-Committee had been amalgamated for one Committee to deal with all property issues.

Resolved:

Internal Audit's findings, as detailed in Report 19/26, be noted.

(b) 18-17 – Remodelling of Residential Care For Children and Young People

There was submitted a report by the Chief Internal Auditor (19/27) on an audit to ensure the adequacy of arrangements relating to the REACH (Review and remodelling of residential care for Children and Young People) Project.

Councillor W Wilson asked why this audit had been included in the audit plan when there had been strong controls and J Clark advised it had been agreed as part of the audit plan approved by Committee in June 2018 as it was important to look at areas of significant change or risk.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
30 JANUARY 2019

It was noted that the Committee should not only focus on areas of concern and lessons can be learned from audits where the internal controls are strong and there were lessons to be learned and applied elsewhere.

Resolved:

Internal Audit's findings, as detailed in report 19/27, be noted.

(ii) Corporate and Democratic Services

(a) 18-02 – Review of Internal Controls

There was submitted a report by the Chief Internal Auditor (19/28) on an audit to ensure (1) the adequacy of segregation of duties, controls and ensuring access to systems were restricted to appropriate levels (to negate the possibility of individuals processing transactions all the way through the payments process); (2) that feeder systems were effectively reconciled to other systems – specifically the Purchase ledger, using third party information (suppliers statements) and reconciling with payments system for payments of creditors; (3) that system documentation was maintained which detailed key controls to be carried out by staff to prevent fraud or error in payment of creditors and (4) that budget monitoring was at a level that allowed budget holders to identify anomalous payments to suppliers at an early stage.

S Mackenzie advised members that all actions had now been completed and a new software system was being used which checked for anomalies prior to a payment being made and the effectiveness of this would be tested over the next twelve months.

Resolved:

- (i) Internal Audit's findings, as detailed in Report 19/28, be noted.
- (ii) A training session be held for members on the IT systems in place within the Council.

(b) 18-15 – Payroll

There was submitted a report by the Chief Internal Auditor (19/29) on an audit to ensure (1) that the payment of employee salaries, including temporary variations and deductions, are timely, accurate and authorised: (2) that the adequacy of controls in respect of bona fide new employees and leavers were appropriately and adequately authorised and input promptly to the payroll system and (3) that managers were receiving accurate reports on the employees for whom they have responsibility.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
30 JANUARY 2019

Resolved:

Internal Audit's findings, as detailed in Report 19/29, be noted.

(iii) Housing and Environment

(a) 18-19 – LEADER

There was submitted a report by the Chief Internal Auditor (19/30) on an audit to (1) ensure regulatory requirements were met by reviewing the systems in place to deliver LEADER as well as the financial processes and (2) assess compliance with the Service Level Agreement and conduct a review of a selection of LEADER projects.

S Merone advised that claims to the Scottish Government were up-to-date.

Resolved:

Internal Audit's findings, as detailed in Report 19/30, be noted.

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