

## **AUDIT COMMITTEE**

Minute of meeting of the Audit Committee held in the Council Chambers, 2 High Street, Perth on Wednesday 22 March 2017 at 2.00pm.

Present: Councillors D Cuthbert, B Vaughan, H Anderson, K Baird, W Wilson and A Younger.

In Attendance: J Clark, C Irons, M Morrison, L Potter, L Simpson, J Symon and G Taylor (all Corporate and Democratic Services); J Cockburn (Education and Children's Services); S MacKenzie (Environment Service) and N Copland (Housing and Community Care).

Also in Attendance: A Shaw and M Wilkie, KPMG, External Auditors.

Apologies: Councillor J Giacomazzi

Councillor Cuthbert, Convener, Presiding.

### **168. WELCOME AND APOLOGIES/SUBSTITUTIONS**

The Convener welcomed everyone to the meeting. An apology was noted as above.

In terms of Standing Order 13 the Committee agreed that the meeting be recorded for use as part of the elected member development programme following the Local Government Elections in May 2017.

### **169. SPECIAL MEETING**

It was noted that a special meeting of the Committee was required to consider the Audit Plan for 2017/18 and other audit reports from 2016/17.

#### **Resolved:**

Following discussion it was agreed that a special meeting of the Audit Committee be held on Tuesday 18 April 2017 at 2.00pm.

### **170. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

### **171. MINUTE**

The minute of meeting of the Audit Committee of 1 February 2017 (Arts.68 – 73) was submitted and approved as a correct record and authorised for signature.

PERTH AND KINROSS COUNCIL  
AUDIT COMMITTEE  
22 MARCH 2017

**172. INTERNAL AUDIT FOLLOW-UP**

There was submitted a report by the Chief Internal Auditor (17/115), presenting the Committee with a current summary of Internal Audit's follow up work.

In response to a question from Councillor W Wilson, L Simpson advised that the revised Contract Rules would be included in the Annual Procurement report to a future meeting of the Strategic Policy and Resources Committee.

**Resolved:**

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

**173. INTERNAL AUDIT UPDATE**

There was submitted a report by the Chief Internal Auditor (17/116) presenting a summary of Internal Audit's work against the 2016/17 Annual Plan, together with a summary of the outcome of consultancy assignments and additional work undertaken by Internal Audit, where appropriate.

In response to a question from Councillor B Vaughan, L Simpson advised that the governance arrangements for Tayside Contracts had not yet been signed due to an outstanding property issue.

J Clark responded to a question from Councillor W Wilson and confirmed that a report would be submitted to Committee if it was identified during a whistleblowing investigation that an action plan to address control issues or improvement was required. However, if there was no evidence to substantiate the allegations, no report would be required.

L Simpson added that if the whistleblowing process was to be followed in the strictest legal sense then disclosures would be protected, however, the term whistleblowing can be used more generically.

J Clark agreed to look at categorising whistleblowing investigations in future reporting as proposed by Councillor H Anderson.

In respect of work for the Health and Social Care Partnership - Integrated Joint Board (IJB), J Clark advised that time would be allocated in next year's audit plan for the IJB but there would be no details of these audits as reporting would be directly to the IJB.

With regard to the Audit Plan from April 2017 as detailed in Appendix D to Report 17/116, Councillor B Vaughan asked about the inclusion of an audit on the Council's Capital Programme which had been raised as an area of concern by Audit Scotland and this would be a means of informing Councillors of progress.

PERTH AND KINROSS COUNCIL  
AUDIT COMMITTEE  
22 MARCH 2017

S MacKenzie advised workshops had been held for Councillors and the Capital Programme was given focus in terms of the Council's objectives and the most effective way of reporting had to be agreed.

J Clark confirmed that the reporting would include an audit of the programme.

**Resolved:**

- (i) The progress with work on the Internal Audit Plan for 2016/17 be noted.
- (ii) The outcomes from consultancy work completed since the last Audit Committee on 1 February 2017 be noted.
- (iii) The outcomes from additional work, as detailed in Report 17/116, be noted.
- (iv) The proposed work plan for Internal Audit, as detailed in Report 17/116, be approved until a fuller plan was available for consideration at a the Special meeting of this Committee to be held on 18 April 2017.

The Committee considered the following final reports:-

**(i) Corporate and Democratic Services**

**(a) 16-13 – ICT Performance and Capacity Management**

There was submitted a report by the Chief Internal Auditor (17/117) on an audit to ensure that (1) framework and processes were in place for managing core ICT assets for the Council's requirements; (2) performance and technology capacity management planning exists and were working adequately and (3) performance and technology capacity reporting and assessment were carried out for the Council's core IT assets.

**Resolved:**

Internal Audit's findings, as detailed in report 17/117, be noted.

**(ii) Housing and Community Care**

**(a) 16-18 – Housing Rents**

There was submitted a report by the Chief Internal Auditor (17/118) on an audit to ensure (1) the Council's housing rental charges were accurately identified, collected and credited to the correct account; (2) the housing rental charges were calculated correctly in accordance with the Council's Rent Strategy and Financial Regulations and (3) the Council's records of housing rental charges were accurate, up-to-date and secure.

**Resolved:**

Internal Audit's findings, as detailed in Report 17/118, be noted.

PERTH AND KINROSS COUNCIL  
AUDIT COMMITTEE  
22 MARCH 2017

**(b) 16-19 – Rent Arrears**

There was submitted a report by the Chief Internal Auditor (17/119) on an audit to ensure that (1) arrangements for the detection and recovery of housing rent arrears were appropriate and effective and in compliance with Financial Regulations and (2) the calculation and reporting of rent arrears and related bad debt provision were accurate and appropriate.

**Resolved:**

Internal Audit's findings, as detailed in Report 17/119, be noted.

**174. EXTERNAL AUDIT – AUDIT STRATEGY 2016/17**

There was submitted and noted a report by the External Auditor, KPMG, (17/120) presenting the Audit Strategy for 2016/17.

A Shaw and M Wilkie of KPMG gave a summary of their Audit Strategy as the Council's auditors for the period 2016-17 to 2020-21.

J Symon stated that accounting issues would be clarified and developed with the new auditors.

Councillor B Vaughan queried the relationship of Culture Perth and Kinross in Appendix 6 to Report 17/120 as they were shown differently to Live Active Leisure Ltd and Horsecross Arts Ltd.

J Symon advised it was due to the level of control by the Council, however, it was a provisional assessment which showed Culture Perth and Kinross as an associate and Live Active Leisure Ltd and Horsecross Arts Ltd as subsidiaries and further information would be provided to KPMG to determine the status.

Councillor W Wilson commented on the style of the reporting and M Wilkie confirmed clarification of acronyms would be added.

**Resolved:**

The Audit Strategy for 2016/17 be noted

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