

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
19 JUNE 2013

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Committee Room, Fourth Floor, Council Building, 2 High Street, Perth on Wednesday 19 June 2013 at 2.00pm.

Present: Councillors B Vaughan, A Stewart (from Art. 389) H Anderson, B Band (substituting for Councillor A Younger), D Cuthbert, A Gaunt (substituting for Councillor W Wilson) and J Giacomazzi.

In Attendance: J Clark, D Henderson, M Morrison, J Symon, G Taylor, and C Irons (all Chief Executive's Service); S Mackenzie and J Handling (both Environment Service); N Copland (Housing and Community Care) and G Boland and M Cochlan (both Education and Children's Services)

Also Attending: N O'Connor, Audit Scotland.

Apologies for Absence: Councillors W Wilson and A Younger.

Councillor Vaughan, Convener, Presiding.

387. DECLARATIONS OF INTEREST

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

388. MINUTE OF PREVIOUS MEETING

The minute of meeting of the Audit Committee of 27 March 2013 was submitted and approved as a correct record.

389. INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Chief Internal Auditor (13/294) presenting a current summary of Internal Audit's follow up work and detailing: (1) the number of actions arising from internal and external audit reports; (2) the total number of agreed actions which Internal Audit would be following up, even where the originally agreed completion dates had not been reached; (3) the number of agreed actions reported as incomplete as at their original agreed completion date, a number of which had been allocated dates in the future for completion with progress to be reported to a future meeting; (4) the number of agreed actions which have yet to be followed up as their completion date had not been reached; and (5) detailed follow-up information on a Service-by-Service basis, in respect of actions agreed for completion in the period up to 31 March 2013.

Officers from the relevant Services were present to answer members' questions on the progress on outstanding actions as follows:

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(1) 11/09 – Information Security – Action Point 7(4)

D Henderson reported that action point 7(4) was being progressed as part of a three year plan.

(2) 12/05 – Housing Rents – Action Point 5

N Copland reported that action point 5 was partially completed and was awaiting final approval by the Head of Service for the arrears procedure to be implemented.

(3) 07/019 – Property Management – Action Point 1

It was noted that a report on the priorities for disposal of property in the commercial property portfolio would be submitted to the Strategic Policy and Resources Committee in September 2013.

(4) 09/010 Corporate Health, Safety and Wellbeing – Action Points 2,3,4,5 and 7

It was noted that a revised corporate occupational health and safety policy would be presented to the Strategic Policy and Resources Committee in September 2013 for approval.

Resolved:

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

390. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (13/295) presenting a summary of Internal Audit's work against the 2012/13 annual plan and providing an update on work for the 2013/14 annual plan.

The Convener advised that at the meeting of the Strategic Policy and Resources Committee on 12 June 2013, when that Committee had considered the Chief Executive Service BMIP, she had sought reassurance from the Chief Executive that the resources within Internal Audit should be sufficient to deliver the 2013/14 annual plan. The Chief Executive had confirmed that the situation would be monitored to ensure that there were sufficient resources.

Resolved:

- (i) The completion of Internal Audit's planned work for 2012/13 be noted.
- (ii) The progress made on Internal Audit's work against the plan for 2013/14 be noted.

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The Committee considered the following final reports:-

(i) Chief Executive's Service

(a) 12/02 – Following the Public Pound

There was submitted a report by the Chief Internal Auditor (13/296) on the internal audit review carried out: (1) to ensure there were adequate arrangements in place to achieve compliance with the Code of Guidance on Funding External Bodies and Following the Public Pound and (2) to ensure that there were arrangements in place within Services for monitoring arms-length and external organisations (ALEOs) to ensure efficient, effective and economic use of council resources in meeting agreed objectives.

Resolved:

Internal Audit's findings, as detailed in Report 13/296, be noted, subject to the completion dates in respect of action points 9 and 14 being amended to June 2014 rather than June 2013.

(b) 12/04 – Protecting Vulnerable Groups Scheme

There was submitted a report by the Chief Internal Auditor (13/297) on the internal audit review carried out to ensure that (1) arrangements were in place to identify posts which require membership of the Protecting Vulnerable Groups Scheme, (2) appointees to identified posts had received appropriate membership prior to commencement of employment/voluntary work and (3) arrangements were in place to migrate existing staff to the Scheme.

Resolved:

Internal Audit's findings, as detailed in Report 13/297, be noted.

(c) 12/12 – Payroll

There was submitted a report by the Chief Internal Auditor (13/298) on the internal audit review carried out to ensure that (1) procedures were in place detailing day-to-day operation of the payroll system and incorporating controls over access and separation of duties, (2) payroll was accurate and complete at point of payment and paid timeously and (3) adequate controls were established prior to payroll processing and reconciled to output control totals.

Resolved:

Internal Audit's findings, as detailed in Report 13/298, be noted.

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(d) 12/18 – Rail Warrant Administration

There was submitted a report by the Chief Internal Auditor (13/299) on the internal audit review carried out to ensure that (1) adequate arrangements were in place for the administration of rail warrants and (2) using rail warrants represents the best use of Council resources.

Resolved

Internal Audit's findings, as detailed in Report 13/299, be noted.

(e) 12/19 – Credit Cards

There was submitted a report by the Chief Internal Auditor (13/300) on the internal audit review carried out to ensure that (1) arrangements were in place for requesting and authorising the issue of credit cards, (2) credit cards were used appropriately and were subject to appropriate control within services and (3) credit cards were reconciled on a timely basis.

Resolved

Internal Audit's findings, as detailed in Report 13/300, be noted.

(f) 12/20 – Gifts and Hospitality

There was submitted a report by the Chief Internal Auditor (13/301) on the internal audit review carried out to ensure that (1) the policy and procedures on gifts and hospitality had been cascaded throughout the Council, (2) arrangements were in place so that staff who received offers of gifts and hospitality duly record these and obtained written approval from senior management and (3) recorded cases were appropriately approved, collated and disclosed in the Service registers and the Perth and Kinross Council public register.

Resolved

- (i) Internal Audit's findings, as detailed in Report 13/301, be noted, subject to the risk/importance for action point 8 – gifts and hospitality: The Environment Service as listed in appendix 1 to Report 13/301 being amended to read medium rather than high.
- (ii) It be noted that the report of Employee Code of Conduct as referred to in appendix 2 to report 13/301 was now to be submitted to the Strategic Policy and Resources Committee in September instead of June 2013.

D HENDERSON LEFT THE MEETING AT THIS POINT.

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(ii) Housing and Community Care

(a) 12/06 – Contracts and Tendering Arrangements

There was submitted a report by the Chief Internal Auditor (13/302) on the internal audit review carried out to ensure that (1) appropriate guidance was available to services for procuring goods/works/services required, (2) staff involved in tendering and contract award activities were appropriately trained and (3) that tendering and contract award activities were carried out in accordance with legislation, council policy and procedures and best practice.

Resolved:

Internal Audit's findings, as detailed in Report 13/302, be noted.

(b) 12/10 – Comfort Funds

There was submitted a report by the Chief Internal Auditor (13/303) on the internal audit review carried out to ensure that arrangements and procedures in place for the control of comfort funds were adequate and appropriate.

Resolved:

Internal Audit's findings, as detailed in Report 13/303, be noted.

(c) 12/11 – Owner Occupiers Accommodation Related Costs

There was submitted a report by the Chief Internal Auditor (13/304) on the internal audit review carried out to ensure that (1) arrangements were in place to identify where works were undertaken on mixed tenancy buildings which may be rechargeable to owner occupiers, (2) standard procurement procedures were in place for ensuring that value for money was obtained and delivered on these projects and (3) procedures were in place for the notification of owner occupiers of their contribution for the works, which were in line with the amounts invoiced.

Resolved:

Internal Audit's findings, as detailed in Report 13/304, be noted.

(d) 12/16 – Forensic Mental Health Service

There was submitted a report by the Chief Internal Auditor (13/305) on the internal audit review carried out to ensure that amendments to the arrangements in place for the management of forensic mental health clients have been fully implemented following on from previous consultancy work.

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Resolved:

Internal Audit's findings, as detailed in Report 13/305, be noted.

N COPLAND LEFT THE MEETING AT THIS POINT.

(iii) The Environment Service

(a) 12/14 – Business Continuity

There was submitted a report by the Chief Internal Auditor (13/306) on the internal audit review carried out to ensure (1) the adequacy of procedures to be followed in the event of an incident which threatens to disrupt delivery of Council services, (2) the Council's business continuity processes prioritise the recovery of critical services in the event of an incident and (3) ongoing review and testing of business continuity arrangements had taken place.

Resolved:

- (i) Internal Audit's findings, as detailed in Report 13/306, be noted.
- (ii) A progress report be submitted to the Audit Committee in May 2014.
- (iii) It be recommended to the Council's Executive Officer Team that a review of all strategies be undertaken to establish whether they remain appropriate, and a further report be submitted to the Scrutiny Committee on the proposals for the review.

COUNCILLOR GIACOPAZZI LEFT DURING DISCUSSION OF THE ABOVE ITEM.

(iv) Education and Children's Services

(a) 12/17 – Public Performance Reporting

There was submitted a report by the Chief Internal Auditor (13/307) on the internal audit review carried out to ensure that (1) the Council is complying with statutory requirements in respect of public performance reporting and (2) arrangements were adequate and appropriate to meet the anticipated changes in reporting.

Resolved:

Internal Audit's findings, as detailed in Report 13/307, be noted.

(b) 12/22 – Change Fund

There was submitted a report by the Chief Internal Auditor (13/308) setting out the results of the internal audit review on the

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provision of advice and assistance to the Education and Children's Services in implementing the Change Fund.

Resolved

Internal Audit's findings, as detailed in Report 13/308, be noted.

391. INTERNAL AUDIT YEAR END REPORT

There was submitted a report by the Chief internal Auditor (13/309) presenting the year-end report and audit opinion for 2012/13.

Resolved:

The completion of Internal Audit's planned work for 2012/13 and the progress of work planned for 2013/14 be noted.

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