

## AUDIT SUB-COMMITTEE

Minute of Meeting of the Audit Sub-Committee held in the Committee Room, 2 High Street, Perth on Wednesday 29 February 2012 at 2.00pm.

Present: Councillors K Baird, W Lumsden, A Gaunt, B Vaughan and A Wylie and Mr J Howie.

In Attendance: J Clark, S Mackenzie, G Taylor, I Innes (from Item 4), D Farquhar and M Kay (all Chief Executive's); J Walker, Depute Director (Housing and Community Care) and A Taylor (Housing and Community Care); L Oswald (Education and Children's Services); and B Renton and K Colville (all the Environment Service).

Also Attending: P Tate (Audit Scotland, External Auditors)

Councillor W Lumsden, Convener, Presiding

### 1. DECLARATIONS OF INTEREST

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

### 2. MINUTE OF PREVIOUS MEETING

The Minute of Meeting of the Audit Sub-Committee of 12 January 2012 was submitted and approved as a correct record, subject to Item 5(i)(c), Report to Those Charged with Governance on the Audit of Perth and Kinross Council 2010/11, 2<sup>nd</sup> paragraph, lines 6/7, being amended from "it would be unnecessary to include", to "she would not expect this to be included".

**Note:**

**Education and Children's Services  
10/08 School Lets (Item 4 (iii) refers)**

It was noted that Report 12/12 had been considered by the School Lets Member Officer Working Group at its meeting on 2 February 2012, account had been taken of the Action Points, and that a report on the Review of Charges would be submitted to the next meeting of the Lifelong Learning Committee on 14 March 2012.

### 3. INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Chief Internal Auditor (12/92) presenting a current summary of Internal Audit's 'follow up' work and detailing: (1) outstanding actions arising from internal and external audit reports; (2) those agreed actions currently being followed-up, even where the originally agreed completion dates had not yet been reached; (3) the number of agreed actions reported as incomplete after the original agreed completion date; and (4) detailed follow-up information on a

service-by-service basis, in respect of actions agreed for completion in the period November to December 2011.

Councillor Lumsden welcomed the explanation contained in paragraphs 2 and 3 of Report 12/92 clarifying information provided in the Appendices.

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

**(1) 09/013 - Applications Software - Development and Maintenance  
Action Point 7 - Chief Executive's**

Mr Howie enquired if the staffing issue could have been anticipated and J Clark advised that a vacancy had not been back-filled, but that this had now been addressed and the completion date for this action had been brought forward to July 2012.

**(2) 10/04 - Risk Management - Action Point 2**

In response to a question from Councillor Vaughan on timescales for Chief Officers' appraisals being completed, G Taylor advised that this would vary between Services, but that the process had now commenced with the Chief Executive's appraisal. B Renton advised that the Executive Director and the Depute Director, The Environment Service, both carried out Chief Officer appraisals to ensure that they were completed as quickly as possible.

**(3) 10/07 - Hardware Asset Management - Action Point 5**

In response to questions from Councillors Lumsden and Wylie and Mr Howie, J Clark and S Mackenzie clarified the position on the reconciliation of value attached to IT equipment and whether a standardisation exercise between the inventory and asset register would be worthwhile for less than five per cent of the asset value. S Mackenzie advised that a reconciliation would be carried out from time to time to assess if this would be necessary

**(4) 10/10 - New Building Programme - Action Point 1**

Councillor Lumsden requested an update on the current position on this Action Point and B Renton agreed to establish the position and provide members with an update following the meeting.

**(5) 07/019 - Property Management - Action Point 7 - Local Scheme of Delegation**

B Renton provided an update on the review of the Scheme of Delegation in The Environment Service, noting the recent significant changes in restructuring and responsibilities and that September 2012 would be a more realistic completion date for this Action.

**(6) 11/15 - Carbon Reduction Commitment - Action Point 6 - Evidence Pack**

Councillor Wylie enquired if comparison could be made against other authorities and K Colville (1) provided further information on the collation of data and evidence of the process to support figures to be recorded; and (2) confirmed that carbon emission figures were recorded using the same software across Scotland and could be compared directly. In response to a question from Mr Howie, it was noted that figures had previously been published by Audit Scotland, but that they had now discontinued publishing Statutory Performance Indicators.

**(7). 11/17 - Winter Maintenance - Action Point 2 - Treatment Times**

Councillor Vaughan enquired why the response on the Action Point stated that the Winter Manual had been partly updated, when the Sub-Committee had received an assurance that the updating would be carried out on a regular basis; B Renton agreed to establish the position and provide members with an update following the meeting.

**Resolved:**

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

I INNES ENTERED THE MEETING AT THIS POINT

**4. INTERNAL AUDIT UPDATE**

There was submitted a report by the Chief Internal Auditor (12/93) presenting a summary of Internal Audit's work for 2011/12 against the annual plan.

Councillor Lumsden expressed her disappointment that it would not be possible for the Sub-Committee to consider all the audits from the Internal Audit Plan for 2011/12 before the end of the financial year, but was pleased to note that additional resources had been put in place to complete the assignments. J Clark advised that work on assignments generally continued until the end of March each year, but might not be reported to Committee until later.

Councillor Wylie expressed concern that the number of Internal Audit Reports identified for submission to the next Sub-Committee would be substantial.

Councillor Lumsden proposed that a special meeting of the Sub-Committee be held before the end of March 2012 to consider final reports and the Annual Audit Plan for 2012/13. Councillor Baird hoped that the majority of outstanding reports could be submitted to that special meeting.

**Resolved:**

- (i) The progress made on Internal Audit's work against the plans for 2011/12 and previous years be noted.
- (ii) A special meeting of the Audit Sub Committee be held on Tuesday, 27 March 2012 at 2.30pm.

**5. UPDATE ON IMPLEMENTATION OF AGREED ACTIONS FOR THE INTERNAL AUDIT REPORT ON HOUSING AND COUNCIL TAX BENEFITS (Article 660(ii)4 /11)**

There was submitted a report by the Chief Internal Auditor (12/94) presenting a summary of Housing and Community Care's response to the outcomes of Internal Audit's report on Housing and Council Tax Benefit.

A Taylor reported that (1) despite a significant increase in workload due to the economic downturn and welfare reform, accuracy had improved, and processing times had been greatly reduced; (2) the Department of Work and Pensions website published figures retrospectively,; and (3) Perth and Kinross Council had been in the top quartile of performance in December 2011, which it was hoped would be sustained in future.

Councillor Lumsden congratulated the Benefits Service for their efforts in improving performance.

Mr Howie enquired if additional resources had been applied to achieve this improvement and A Taylor advised that slippage in welfare rights funding had been utilised to fund agency staff time to clear the backlog of applications, which allowed the benefits staff to process new claims. J Walker reported that improved processes had also contributed and had enabled staff to deal with increased workload, as well as placing them in a good position to face the further changes to welfare reform. It was noted that there had been a 237% increase in telephone contacts. This performance information had been reported in the Housing and Community Care Annual Performance Report.

**Resolved:**

- (i) It be noted that all the actions agreed as part of the Internal Audit Report on Housing and Council Tax Benefits as reported to Audit Sub-Committee had been completed.
- (ii) The improvement in processing times for the benefit claims be noted.

B RENTON, A TAYLOR, L OSWALD AND K COLVILLE LEFT THE MEETING AT THIS POINT

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT, 1973.**

## **P1. NATIONAL FRAUD INITIATIVE 2010/11 – PROGRESS REPORT**

There was submitted a report by the Chief Internal Auditor (12/95) outlining the action that has been taken by Perth and Kinross Council in response to the requirements of the National Fraud Initiative.

I Innes, Head of Legal Services, explained to members the advice he had provided in relation to the release of the electoral registers to Audit Scotland. J Clark reported on checks carried out at a local level which would highlight fraudulent activity.

### **Resolved:**

- (i) The position in respect of the work which has been undertaken with regard to the National Fraud Initiative be noted.
- (ii) A further report be submitted to the Audit Sub-Committee in due course at the conclusion of the exercise.

