

AUDIT COMMITTEE

Minute of Meeting of the Audit Committee held virtually via Microsoft Teams on Monday 20 September 2021 at 09.30am.

Present: Councillors E Drysdale, S Donaldson, L Barrett, D Illingworth, R McCall and X McDade (from item 4).

In Attendance: L Simpson, S Mackenzie, J Clark, S Walker, A O'Brien, D Coyne, K Molley, A Brown, M Pasternak, L McGuigan and B Parker (all Corporate and Democratic Services); C France (Communities); and J Cockburn (Education and Children's Services).

Also in Attendance: M Wilkie and C Windeatt (KPMG).

Apologies: Councillor H Coates

Councillor E Drysdale, Convener, Presiding.

The Convener led discussion on items 1-7, and Vice-Convener on item 8.

1. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting and an apology was noted above.

2. DECLARATIONS OF INTEREST

In terms of the Councillors' Code of Conduct, Councillors E Drysdale and X McDade declared a non-financial interest in item 8.

3. MINUTE OF MEETING OF THE AUDIT COMMITTEE OF 30 JUNE 2021 FOR APPROVAL

The minute of meeting of the Audit Committee of 30 June 2021 was submitted and approved as a correct record.

4. DRAFT AUDITED ANNUAL ACCOUNTS 2021/22 AND DRAFT ANNUAL AUDIT REPORT TO THE MEMBERS OF PERTH AND KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR THE YEAR ENDED 31 MARCH 2021

There was submitted a report by the Head of Finance (21/164) presenting the Council's Draft Audited Annual Accounts for financial year 2020/21 in accordance with the Local Authority Accounts (Scotland) Regulations 2014; and (2) including the Draft Annual Audit Report to the Members of Perth and Kinross Council and the Controller of Audit for the Year Ended 31 March 2021.

COUNCILLOR X MCDADE ENTERED THE MEETING DURING THIS ITEM.

The Convener thanked the Finance team for their efforts in producing the annual accounts through challenging circumstances.

In response to a question from Councillor S Donaldson regarding the absence of fraud risk on the Strategic Risk Register, L Simpson advised that risks are added to the Strategic Risk Register if they are seen as being a high-level risk, where extra measures are put in place for mitigation. Fraud has not been assessed as a high level risk in accordance with the Council's risk management framework and is managed as part of our usual business practices which are regular monitored and reviewed continually monitored. M Wilkie added that KPMG are satisfied with this conclusion and advised that their report will be updated.

In response to a question from Councillor D Illingworth regarding the impact of construction inflation on our capital programme and the absence of a reference to that risk, M Wilkie advised that until the increasing cost has an impact on the delivery of projects and in turn, impact on operational matters, there is no evidence that would influence the external audit assessment.

In response to a question from Councillor E Drysdale regarding the housing and revenue account and the increase in rent arrears, S MacKenzie advised that there was a reduction in collection levels last year due to impacts of the pandemic and pressures will continue to require to be mitigated. He added that measures are in place to support council tenants. S Mackenzie confirmed that up to date information will be brought forward to a future meeting of the Audit committee.

In response to a question from Councillor S Donaldson regarding the Tayside Pension Scheme and the risk created with the revised funding strategy, S MacKenzie advised that there has been no change in employer contribution rates. However, there are additional members joining the Pension Scheme who could review the current financial arrangements. This will continue to be monitored.

Councillor E Drysdale asked for the sentence on Remuneration of Senior Councillors at section 3.5 - 'No Councillors from Perth and Kinross Council served as a Convener or Vice-Convener of a Joint Board' to be corrected going forward.

Resolved:

- (i) The contents of KPMG's Draft Annual Audit Report to the Members of Perth and Kinross Council and the Controller of Audit for the year ended 31 March 2021, be noted.
- (ii) The Leader of the Council, the Interim Chief Executive and the Head of Finance be authorised to sign the Audited Annual Accounts and the Head of Finance be authorised to sign the Letter of Representation.

5. INTERNAL AUDIT ANNUAL REPORT & CHIEF INTERNAL AUDITOR'S OPINION 2020/21

There was submitted a report by the Chief Internal Auditor (21/165) presenting the year-end report and audit opinion of the Chief Internal Auditor for 2020/21, as set out in section 4 of the report.

The Convener thanked J Clark and her team for their efforts throughout 2020/21.

Resolved:

Contents of Report 21/165 and specifically the Audit Opinion at Section 4 of report 21/165, be noted.

6. INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Chief Internal Auditor (21/167) presenting a current summary of Internal Audit's 'follow up' work relating to actions due for completion up to June 2021.

In response to a question from Councillor S Donaldson regarding the School Estates Strategy document and it not being updated since 2012, J Cockburn advised he would report back to members with more detail.

In response to another question from Councillor S Donaldson regarding Recycling Centres and the health and safety incident at Crieff Depot, C France advised that a health and safety review was carried out earlier this year and plans are in place to progress with the necessary recommendations of the review. She added that first aid boxes across all sites, have been checked and are fully stocked. However, staff training for operatives was impacted by consequences of the pandemic and the process to ensure that all staff are fully trained is still underway.

Resolved:

The current position in respect of the agreed actions arising from internal audit work, be noted.

7. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (21/168) presenting a summary of Internal Audit's work undertaken as part of the Internal Audit Plans for 2019/20 and 2020/21.

Members thanked Internal Audit for the work they had achieved over the last year, especially working with limited staffing resources. J Clark advised that recruitment is underway within the Internal Audit team, and it is aimed that additional posts will be filled by the end of 2021. If any problems arise from this, other sources will be utilised to support the completion of the Internal Audit Plan within the proposed timescales and before the next Local Government Elections in May 2022.

In response to a question from Councillor S Donaldson regarding a report on the Transformation programme, J Clark advised that given the time that had passed she considered it more useful and beneficial to the organisation to focus on the lessons learnt and to ensure that learning is applied to any change and transformation activities through the Perth and Kinross Offer and Investment Blueprint. She added that it is also important to consider the role of programme performance which will be covered by the Scrutiny Committee.

Resolved:

The progress with Internal Audit activity, be noted.

8. PERTH AND KINROSS HEALTH AND SOCIAL CARE PARTNERSHIP

(i)(a) Providers Sustainability Payments

There was submitted a report by the Chief Internal Auditor (G/21/78) on an audit to ensure that assurance has been provided over arrangements for the identification and authorisation of sustainability grants.

Resolved:

The contents of report G/21/78, be noted.

DRAFT