

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Committee Room, Fourth Floor, Council Building, 2 High Street, Perth on Wednesday 5 February 2014 at 10.00am.

Present: Councillors B Vaughan, A Stewart, H Anderson, J Giacobazzi, W Wilson and A Younger.

In Attendance: J Clark, I Innes, C Irons, J Symon, G Taylor and D Watt (all Chief Executive's Service); S Mackenzie (The Environment Service); L Brady and N Copland (both Housing and Community Care) and J Cockburn (Education and Children's Services).

Also Attending: P Tate, Audit Scotland.

Apology for Absence: Councillor D Cuthbert.

Councillor Vaughan, Convener, Presiding.

56. WELCOME AND APOLOGIES/SUBSTITUTIONS

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

57. DECLARATIONS OF INTEREST

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

58. MINUTE

The minute of meeting of the Audit Committee of 30 October 2013 (Art 614 – 616) was submitted and approved as a correct record.

59. INTERNAL AUDIT FOLLOW UP

There was submitted a report by the Chief Internal Auditor (14/32) 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 yet to be followed up as their completion date has not been reached; and (5) detailed follow-up information on a Service by Service basis, in respect of outstanding actions agreed for completion in the period July to October 2013.

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

(1) 12-20 – Gifts and Hospitality – Action Point 11/Audit Scotland 6 – Annual Report on the 2011/12 Audit – Action Point 8

I Innes advised that it was considered that a number of the Council's corporate governance rules required to be reviewed to ensure that they complied with the requirements of the Bribery Act 2010, and that an external consultant was to undertake this work.

(2) Audit Scotland 6 – Annual Report on the 2011/12 Audit – Action Point 11

I Innes advised that the issues raised by Audit Scotland with regard to the Tayside Contracts Minute of Agreement had now been addressed but further updating of the Agreement would be undertaken and a completion date would be agreed with the Chief Internal Auditor.

(3) Henderson Loggie – Corporate Asset Management – Action Point 2 – 7.4

S Mackenzie confirmed that the guidance on whole life costing would be completed by the end of February 2014.

Resolved:

- (i) The current position in respect of the agreed actions arising from the internal and external work be noted.
- (ii) The agreed action plans be progressed, taking into account the recorded audit opinions.
- (iii) A timetable be submitted to the next Committee for the review of the Council's corporate governance rules to take account of the requirements of the Bribery Act 2010.

60. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (14/33) presenting a summary of Internal Audit's work against the 2012/13 annual plan.

Resolved:

- (i) The progress made on Internal Audit's work against the plan for 2013/14 be noted.
- (ii) The inclusion of two additional assignments on Looked After Children and Information Technology – Review of Interfaces, be approved.

The Committee considered the following final reports:-

(i) **Housing and Community Care**

(a) **13-12 – Voids Management**

There was submitted and noted a report (14/34) by the Chief Internal Auditor on advice and consultancy work to the Housing Service management on providing assurance on the adequacy of proposed changes to the processes, procedures and governance arrangements surrounding voids management to ensure the achievement of service objectives.

(b) **13-16 – Internal Control Review**

There was submitted a report (14/35) by the Chief Internal Auditor on the internal audit review carried out to ensure that internal control officer reviews were sufficient to enable the Chief Internal Auditor to place reliance on their outcomes.

Resolved:

Internal Audit's findings, as detailed in Report 14/35, be noted.

(c) **13-17(b) – Financial Management of Libraries – Scone Library**

There was submitted a report (14/36) by the Chief Internal Auditor on the internal audit review carried out to ensure that libraries are managed in accordance with the financial procedures as laid down by Education and Children's Services.

Resolved

Internal Audit's findings, as detailed in Report 14/36, be noted.

61. NATIONAL FRAUD INITIATIVE 2012/13 – PROGRESS REPORT

There was submitted a report (14/37) by the Chief Internal Auditor on action taken by Perth and Kinross Council in response to the requirements of the National Fraud Initiative.

Resolved:

The action being taken by the Council in response to the requirements of the National Fraud Initiative be noted.

62. EXTERNAL QUALITY ASSESSMENT

There was submitted a report (14/38) by the Chief Internal Auditor on the future provision of the External Quality Assessment of Internal Audit as required by the Public Sector Internal Audit Standards.

Resolved:

- (i) The Chief Internal Auditor submit representations to the Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) in favour of SLACIAG

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developing a framework for undertaking External Quality Assessment of member authorities with costs being contained within individual member authorities own budgets.

- (ii) A report be submitted to a future meeting on the first year of assessments.

COUNCILLOR GIACOPAZZI LEFT THE MEETING DURING THE FOLLOWING ITEM.

63. AUDITED STATEMENT OF ACCOUNTS 2012/13 AND AUDIT SCOTLAND ANNUAL REPORT ON THE 2012/13 AUDIT

There was submitted and noted a report (14/39) by the Head of Finance on the Audited Statement of Accounts 2012/13 and the Audit Scotland Annual Report on the 2012/13 Audit.

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

64. INTERNAL AUDIT UPDATE

(i) Housing and Community Care

(a) 13-32 – Financial Assessment

There was submitted a report (14/40) by the Chief Internal Auditor on the internal audit review carried out to ensure that there was an effective framework in place for the financial assessment of social work clients.

Resolved:

Internal Audit's findings, as detailed in Report 14/40, be noted.

(ii) Education and Children's Services

(b) 13-17(a) – Financial Management of Libraries – AK Bell Library

There was submitted a report (14/41) by the Chief Internal Auditor on the internal audit review carried out to ensure that libraries are managed in accordance with the financial procedures as laid down by Education and Children's Services.

Resolved:

Internal Audit's findings, as detailed in Report 14/41, be noted.

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