

## AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Council Chambers, 2 High Street, Perth on Wednesday 31 January 2018 at 2.00pm.

Present: Councillors E Drysdale, B Band, A Coates, H Coates, S Donaldson, D Illingworth and X McDade.

In Attendance: M Morrison, L Potter, L Simpson, G Taylor and C Irons (all Corporate and Democratic Services); J Cockburn (Education and Children's Services); H Hope (The Environment Service) and N Copland and V Riddell (Housing and Community Safety).

Councillor Drysdale, Convener, Presiding.

### 49. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting and welcomed Councillor Audrey Coates to her first meeting of the Committee.

### 50. DECLARATIONS OF INTEREST

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

### 51. MINUTE

The minute of meeting of the Audit Committee of 22 November 2017 (Arts.658 -662) was submitted and approved as a correct record and authorised for signature.

### 52. INTERNAL AUDIT FOLLOW UP

There was submitted a report by the Chief Internal Auditor (18/22), presenting a current summary of Internal Audit's follow up work.

M Morrison highlighted that the report should have stated there were eighty-two agreed actions for follow-up instead of eighty-one and eight high risk actions instead of seven as was correctly recorded in Appendix A to report 18/22.

It was noted that the Internal Audit Team would shortly be utilising a new database which would enable information to be preserved in a more user-friendly format.

In relation to the summary of agreed actions contained in Appendix A to Report 18/22, Councillor Donaldson referred to the improving trend in completion of these actions and although there was a comparison to the previous report considered by the Committee in November 2017, he requested comparator

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information over a longer period. He also expressed concern at the capacity of the Internal Audit Team to deliver the volume of work in the Audit Plan.

Councillor McDade expressed concern at the apparent slow progress by Services on actions of high importance. It was noted that several of these related to arrangements on information sharing, and L Simpson confirmed that a protocol required some actions to be signed off by partners.

With regard to the action for Corporate and Democratic Services (17-05 Management of Contracts), Councillor Donaldson expressed concern at the time taken to progress this action which had been agreed at Committee on 27 September 2017; the sums involved in the contracts subject to audit; and the small sample size. M Morrison assured members that the Financial Controllers had highlighted the issues in each Service; however a new procedure had still to be finalised.

With regard to the action for Education and Children's Services (16-23 Personalisation), M Morrison advised that a workshop was to be arranged led by Education and Children's Services Finance Team. In response to a question from Councillor McDade, J Cockburn advised that in terms of the budget Education and Children's Services were at a lower risk than Housing and Community Safety.

With regard to the action for Housing and Community Safety, N Copland advised that March 2018 was the expected completion date for the mobile working project.

With regard to the action for Housing and Community Safety (14-16 Housing Repairs), Councillor Drysdale stated that services should agree completion dates achievable and he referred to 15-07 Reablement (Action Point 11) which had been to Committee in June 2015 and the action was not to be completed until June 2018. V Riddell advised that training was being carried out by the SQA and Perth College; there was a number of staff to train and the training had to be undertaken in accordance with the Scottish Social Services Council requirements.

With regard to the action for The Environment Service (16-27 – Events & Festivals) (Action Point 8), Councillor McDade asked if there had been progress clarifying delegated authority in relation to the Roads Network, and L Simpson advised she would check the current position and advise the Committee members.

With regard to the action for The Environment Service (16-27 – Events and Festivals) (Action Point 9), Councillor Drysdale & Councillor H Coates referred to the high profile events being held across the Perth and Kinross area and the need for there to be an integrated approach to promoting these events. Councillor McDade sought assurance on whether there was duplication of effort between the communications activity within Services and that undertaken by the Corporate Communications Team. G Taylor advised they were promoted in a number of ways and the Council's website was part of that activity but wherever possible there should be links on the Council's website to ensure people were directed to event information. G Taylor also reassured members that communications activity in

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Services and in the Corporate Communications Team was coordinated and that there was not duplication of effort.

**Resolved:**

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

**53. INTERNAL AUDIT PRODUCT SHARING PROTOCOL**

There was submitted a report by the Chief Internal Auditor (18/23) presenting the Product Sharing Protocol for outputs from the Internal Audit process relating to the Perth and Kinross Integrated Joint Board (IJB).

It was noted that the protocol had already been approved by NHS Tayside and by the IJB.

Councillor McDade queried the extent of impact on the capacity of the Internal Audit Team in relation to undertaking audit work in the IJB, and M Morrison confirmed the work was included within the Audit Plan.

G Taylor confirmed that the IJB was a decision-making body of the Perth and Kinross Health and Social Care Partnership, and accordingly there was a need to ensure the interests of the Council were being considered. Councillor S Donaldson queried if each of the Tayside IJB's had their own auditor rather than solely depending on the Internal Audit Teams within the three Councils.

G Taylor advised that each IJB does have an auditor who also carries out work for the NHS. L Simpson confirmed that IJB audit work was not an additional responsibility but part of the Council's audit responsibility and was also required by the integration scheme underpinning the IJB, with there being two responsibilities: audit and reassurance. L Simpson also confirmed there would be reporting back to this Committee, only if required by the Audit Plan.

**Resolved:**

- (i) The Product Sharing Protocol Appended to Report 18/23 be approved as the basis for an agreement between NHS Tayside; the three Tayside Council's and the three Tayside IJB's for the provision of internal audit services.
- (ii) That NHS Internal Auditors have the same rights of access as Perth and Kinross Council Internal Auditors to all relevant Council Officers and information while conducting approved IJB audit work.

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**54. INTERNAL AUDIT UPDATE**

There was submitted a report by the Chief Internal Auditor (18/24), presenting a summary of Internal Audit's work against the 2017/18 annual plan.

M Morrison advised that a report on the National Fraud Initiative would be submitted to the next Audit Committee on 28 March 2018.

It was noted that there had been a delay to some of the assignments which would now also be reported to the meeting on 28 March 2018.

In response to a question from Councillor H Coates, L Simpson advised that specialist IT audit staff in Highland Council were used by this authority and other authorities as the level of skills are higher than those held within the Internal Audit Team.

L Simpson reassured members that two members of the Internal Audit Team had recently moved on to new posts, and, following a review of current capacity, staff would be recruited to ensure that the Team was able to deliver the Audit Plan. However, given the current reduced capacity, there would be a risk-based approach to undertaking outstanding assignments.

**Resolved:**

The progress of work against the 2017/18 annual plan be noted.

The Committee considered the following final reports:-

**(i) Corporate and Democratic Services**

**(a) 17-22 – Elected Members' Allowances**

There was submitted a report by the Chief Internal Auditor (18/25) on an audit to ensure the adequacy of controls in respect of elected member remuneration and expenses.

Councillor McDade sought clarification on remuneration in respect of office bearers with Joint Boards. G Taylor confirmed that there was a legal requirement to remunerate the Convener and Vice-Convener of the Tayside Valuation Joint Board.

Following a query from Councillor McDade, G Taylor confirmed the position with regard to the completion of travel and subsistence forms.

**Resolved:**

Internal Audit's findings, as detailed in Report 18/25 be noted.

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(ii) **Housing and Community Safety**

(a) **17-01 – Generic Outcome Focussed Assessments**

There was submitted a report by the Chief Internal Auditor (18/26) on an audit to ensure (1) that assessments for social care identify individual outcomes and (2) the provision of the necessary services to achieve those outcomes, on a timely basis.

**Resolved:**

Internal Audit's findings, as detailed in Report 18/26 be noted.

(iii) **Environment Service**

(a) **17-28 – Corporate Health and Safety**

There was submitted a report by the Chief Internal Auditor (18/27) to provide assurance over the effectiveness of the model which ensures that the Council manages its health and safety responsibilities.

It was noted that while performance reports were not being considered by the Executive Officer Team (EOT) collectively, performance was regularly being considered by the Chief Executive and individual members of the EOT and also by the Corporate Management Group (CMG).

**Resolved:**

Internal Audit's findings, as detailed in Report 18/27 be noted.

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