

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
26 SEPTEMBER 2018

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Council Chamber, 2 High Street, Perth on Wednesday 26 September 2018 at 2.00pm.

Present: Councillors E Drysdale, B Band, C Ahern (substituting for A Coates), S Donaldson, D Illingworth, X McDade and W Wilson.

In Attendance: G Taylor, J Clark, C Irons, S Mackenzie, M Morrison, A O'Brien and S Walker (all Corporate and Democratic Services); A Thomson (Housing and Environment)

Also in Attendance: A Shaw and C Windeatt, KPMG, External Auditors.

Apologies: Councillor A Coates.

Councillor Drysdale, Convener, Presiding.

. WELCOME AND APOLOGIES/SUBSTITUTIONS

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

. DECLARATIONS OF INTEREST

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

. MINUTE

The minute of meeting of the Audit Committee of 27 June 2018 (Arts.400 - 406) was submitted and approved as a correct record and authorised for signature.

It was noted that the external validation of the self-assessment of Internal Audit's compliance with the Public Sector Internal Audit Standards would be reported to the next Audit Committee on 7 November 2018.

. DRAFT AUDITED ANNUAL ACCOUNTS 2017/18 AND DRAFT ANNUAL REPORT TO THE MEMBERS OF PERTH AND KINROSS COUNCIL AND THE CONTROLLER OF AUDIT FOR YEAR ENDED 31 MARCH 2018

There was submitted a report by the Head of Finance (18/301), presenting the Council's Draft Audited Annual Accounts for financial year 2017/18 in accordance with the Local Authority Accounts (Scotland) Regulations 2014 and 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 2018 by the External Auditors (KPMG); and the Letter of Representation to the External Auditors from the Head of Finance.

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S Mackenzie referred to KPMG's annual report to 31 March 2018 which was submitted to the Audit Committee for approval and signature and would be submitted to the Council meeting on 3 October 2018 for noting.

S Mackenzie advised adjustments had been identified but these would have no impact on the resources available to the Council and advised that the Council was in a strong financial position.

S Mackenzie thanked Finance staff, relevant staff in each Service and KPMG for their support in the completion of the annual report and accounts.

A Shaw, KPMG, referred to the key messages in the unqualified report which would be finalised once signed. He also referred to the six control recommendations which had been accepted by the Council.

The Convener thanked KPMG and the Finance Team.

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 2018 as detailed in Appendix 1 to Report 18/301, be noted.
- (ii) The 2017/18 Audited Annual Accounts be approved and the Leader of the Council, the Chief Executive and the Head of Finance be authorised to sign them.
- (iii) The Letter of Representation be approved and the Head of Finance be authorised to sign the Letter.

S WALKER, A O'BRIEN AND A THOMSON LEFT THE MEETING AT THIS POINT.

INTERNAL AUDIT FOLLOW UP

There was submitted a report by the Chief Internal Auditor (18/291) presenting a current summary of Internal Audit's follow up work.

With regard to Appendix B to Report 18/291, it was noted that the review of the IR35 processes had now been received and procedures would be finalised.

Councillor C Ahern advised that the report on Criminal Justice, as referred to in Appendix C to Report 18/291, had been signed on 19 September 2018.

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.

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. **INTERNAL AUDIT UPDATE**

There was submitted a report by the Chief Internal Auditor (18/292) presenting a summary of Internal Audit's work.

J Clark advised that two staff had been recruited to the Internal Audit Team with one now in post and the other to start mid-October, and that these appointments would add valuable experience to the Team, including IT expertise.

Resolved:

- (i) The completion of work against the 2017/18 audit plan , be noted.
- (ii) The progress with assignments against the 2018/19 Audit Plan, be noted.

. **THE NATIONAL FRAUD INITIATIVE 2016/17 AND 2018/19**

There was submitted a report by the Chief Internal Auditor (18/293) presenting the findings of the 2016/17 National Fraud Initiative exercise as reported by Audit Scotland in July 2018, including a self-appraisal checklist for those charged with governance; and outlining the preparations underway in respect of the 2018/19 exercise.

J Clark advised that the 2018/19 Initiative would start in October 2018 and one optional dataset on Social Care Payments would be added.

L Simpson confirmed the legal position taken regarding the Council not sharing information on the Electoral Register for the purposes of the National Fraud Initiative. It was also noted that the Council was able to fully participate in the Initiative which included national bodies as well as Local Authorities.

It was noted that the data on Housing Waiting Lists was a mandatory dataset.

Resolved:

- (i) The outcomes within the National Audit Scotland report on the National Fraud Initiative exercise 2016/17 , be noted.
- (ii) The work being undertaken for the 2018/19 exercise, be noted.
- (iii) The Audit Scotland's self-appraisal checklist relating to those charged with governance and attached at Appendix B to report 18/293, be approved.

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