

## **AUDIT SUB-COMMITTEE**

Minute of Meeting of the Audit Sub-Committee held in the Committee Room, Fourth Floor, Council Building, 2 High Street, Perth on Wednesday 14 November 2012 at 2.00pm.

Present: Councillors B Vaughan, A Stewart, D Cuthbert and A Younger.

In Attendance: G Taylor, K Donaldson (up to and including Item 4(i)(a)), E Sturgeon, J Clark, D Farquhar, D McCreddie and M Kay (all Chief Executive's Service); M Cochlan (up to and including Item 4(i)(a) (Education and Children's Services); C Crawford, L Cooper and I Caldow (Housing and Community Care), and S Mackenzie (The Environment Service).

Apology for Absence: Councillor A MacLellan

Councillor Vaughan, 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 September 2012 was submitted and approved as a correct record.

Note: Members confirmed they had received the information requested at the previous meeting.

### **3. INTERNAL AUDIT FOLLOW-UP**

There was submitted a report by the Chief Internal Auditor (12/518) 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 of July and August 2012.

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**

In response to Councillor Cuthbert's request for clarification of the service response, J Clark explained that the action related to acquisitions and the identification of owners of systems to ensure information security requirements were met, agreed to provide Councillor Cuthbert with a copy of the original report for his information, and confirmed that the action was now completed.

**(2) 09/010 Corporate Health, Safety and Wellbeing: Statutory— Action Point 3**

In response to Councillor Cuthbert's request for clarification on the action, S MacKenzie provided information on the Council's reporting requirements under RIDDOR, confirmed that all requirements were being met, and that the action related to the rationalisation of the process through a central health, safety and wellbeing team.

Councillor Vaughan sought and received assurance that the timescale was achievable

**(3) 11-03 Income Debtors/Integra Sales Ledger – Action Point 3**

C Crawford advised that the first quarterly report on outstanding debt would be submitted to the Housing and Community Care Senior Management Team meeting in November 2012.

**Resolved:**

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

**4. INTERNAL AUDIT UPDATE**

There was submitted a report by the Chief Internal Auditor (12/519) presenting a summary of Internal Audit's work against the 2012/13 annual plan.

Councillor Cuthbert noted that an assessment of priority against assignments from the Internal Audit Plan had not been included in the report and J Clark advised that this would be reported in detail in March 2013 during the preparation of the 2013/14 Audit Plan, and agreed to provide Councillor Cuthbert with a copy of the report on the current year's Plan showing assessment of priority.

Councillor Vaughan stressed the importance of ensuring the agreed plan was achievable.

**Resolved:**

- (i) The progress made on Internal Audit's work against the plan for 2012/13 be noted.

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- (ii) Audit 12-09 Home Care be deleted from the 2012/13 Audit Plan as the service had been subject to a recent inspection by the Care Inspectorate.
- (iii) The forecast Committee date for assignment 12/12 be amended to May 2013.

The Sub-Committee considered the following final reports:-

**(i) Chief Executive's Service**

**(a) 12-07 - Managing Sickness Absence**

There was submitted a report by the Chief Internal Auditor (12/520) setting out the findings of the internal audit review carried out to ensure that: (i) managers are aware of the key management activities associated with maximising attendance; (ii) support is available as appropriate to managers in managing sickness absence; (iii) the sickness absence procedures are implemented throughout the Council; and (iv) the sickness absence procedures are monitored to ensure that they deliver on their objectives.

In response to a question from Councillor Vaughan, J Clark advised that the audit had concentrated on services' application of new sickness absence processes and the support provided by Human Resources. J Clark also noted that a number of the actions were of an ongoing nature. Councillor Vaughan welcomed the evidence that services recognised this issue as a priority.

In response to a question from Councillor Younger on consistency of application of the process, K Donaldson, Personnel Manager, reported on action to remind managers of requirements and advised that the situation would be improved once files were updated, and spot checks would be carried out on a monthly basis.

Councillor Stewart enquired if the new software system would assist in addressing the recording requirements across the Council, and E Sturgeon, Chief Exchequer Officer, explained that the system would generate automatic reminders to managers and that efforts were focussed on ensuring absence was monitored and the appropriate action taken. K Donaldson highlighted the diverse nature of the workforce and working arrangements and, while the policy may be applied in whichever way was most appropriate to the circumstances, the core management actions required remained the same and recent figures showed a marked improvement.

**Resolved:**

- (i) Internal Audit's findings, as detailed in Report 12/520, be noted.
- (ii) A report be submitted to the Sub-Committee in one year updating members on the outcome of action taken.

*K DONALDSON AND M COCHLAN LEFT THE MEETING AT THIS POINT.*

**(ii) The Environment Service**

**(a) 09/023 – Bereavement Services**

There was submitted a report by the Chief Internal Auditor (12/521) setting out the findings of the review by Internal Audit carried out to ensure that (i) expectations of stakeholders are identified and addressed as appropriate by the service; (ii) the visiting public is protected from unstable memorials in cemeteries and that stable memorials are not disturbed; and that the service is on target to satisfy mercury abatement legislation; and (iii) charges for goods and services are accurately costed and are properly authorised by committee; and that amounts due to the Council are correctly calculated and invoiced.

**Resolved:**

Internal Audit's findings, as detailed in Report 12/521, be noted.

**(iii) Housing and Community Care**

**(a) 12-05 - Housing Rents**

There was submitted a report by the Chief Internal Auditor (12/522) setting out the findings of the review by Internal Audit carried out to ensure that: (i) housing rental charges are accurately identified, collected and credited to the correct account; (ii) housing rental charges are calculated correctly in accordance with the Council's Rent Strategy and Financial Regulations; and (iii) the arrangements for the detection and recovery of housing rent arrears and the identification of the related debt write offs are adequate.

J Clark advised that the service had welcomed the timing of the audit as reporting lines had been changed and L Cooper confirmed the findings had assisted the service establish strong controls.

**Resolved:**

Internal Audit's findings, as detailed in Report 12/522, be noted.

In relation to Action Point 6 on reporting rent arrears performance, Councillor Vaughan stressed that targets contained in Business Management and Improvement Plans should not be altered.

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

**P1. INTERNAL AUDIT UPDATE**

The Sub-Committee considered the following final report:-

**(i) Housing and Community Care and Chief Executive's Service**

**(a) 11/11 - Cash and Banking**

There was submitted a report by the Chief Internal Auditor (12/523) setting out the findings of the review by Internal Audit to verify that controls ensured monies paid at the main cash office were received, receipted and sent to bank accurately and completely.

In response to a question from Councillor Stewart on Action Point 1, J Clark reported in detail on cash handling procedures and I Caldow confirmed that local procedures had been replaced by the corporate procedure and noted the competence of experienced staff involved.

**Resolved:**

Internal Audit's findings, as detailed in Report 12/523, be noted.

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