

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
7 NOVEMBER 2018

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Council Chamber, 2 High Street, Perth on Wednesday 7 November 2018 at 2.00pm.

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

In Attendance: K Reid, Chief Executive; J Clark, C Irons, S Mackenzie, M Morrison, L Simpson, G Taylor and M Willis (all Corporate and Democratic Services); J Cockburn (Education and Children's Services); L Brady, I Caldow, F Crofts, K Fraser, M Mitchell and A Taylor (Housing and Environment).

Apologies Councillors B Band and A Coates.

Councillor Drysdale, Convener, Presiding.

649. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting. Apologies and substitutions were noted as above.

650. ORDER OF BUSINESS

L Simpson, Head of Legal and Governance Services expressed concerns over the press coverage following the Report 18/359. She clarified some points of accuracy and advised that as the individual could now be identified, then this now fell within the exemptions under the Local Government (Scotland) Act 1973 and suggested that it might be appropriate for the Committee to consider the report in private. She also advised that the focus of the Audit Committee should be a discussion around the relevant internal controls and the improvement actions being recommended and that it would not be appropriate for the Audit Committee to discuss any Human Resources related matters.

Resolved:

The press and public be excluded during consideration of Art. 657(i)(a) to avoid the disclosure of information which was exempt in terms of paragraphs 1 and 14 of Schedule 7A to the Local Government (Scotland) Act 1973.

651. DECLARATIONS OF INTEREST

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

652. MINUTE

The minute of meeting of the Audit Committee of 26 September 2018 (Arts 514-520) was submitted and approved as a correct record and authorised for signature.

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It was noted that two members of staff had now been recruited to the Audit Team.

653. INTERNAL AUDIT FOLLOW UP

There was submitted a report by the Chief Internal Auditor (18/357) presenting a current summary of Internal Audit's follow up work.

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.

654. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (18/356) presenting a summary of Internal Audit's work.

In response to a question from Councillor McDade, J Clark advised there was no further information on the Tay Cities Deal at this time.

J Clark confirmed the scope of the audit of the Arms-Length External Organisations had not yet been finalised and that the audit of Welfare Reform would include reference to Universal Credit.

Councillor Wilson acknowledged the Internal Audit Team had been short-staffed and queried if the Team were on target to complete the Audit Plan. J Clark assured Committee that with the new staff in post the Team would be able to complete the plan.

Resolved:

The progress of assignments from the 2018/19 Audit Plan, be noted.

655. EXTERNAL QUALITY ASSESSMENT

There was submitted a report by the Chief Internal Auditor (18/358) on the outcomes of the validated self-assessment which fulfils the requirements of the Public Sector Internal Audit Standards to ensure that there was an external quality assessment of internal audit.

It was noted that the annual review and supporting evidence had been examined by the Acting Chief Internal Auditor of South Ayrshire Council.

J Clark advised that the action plan had been taken forward.

The Convener stated it was a very positive report and Councillor Donaldson agreed it was an excellent report and J Clark and her team should be congratulated. Councillor Donaldson also referred to developing a suite of key performance

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indicators (KPI's) to measure service delivery and asked what areas were to be looked at. J Clark advised proposals for KPI's would be reported to Committee following benchmarking with other Local Authorities to ensure they were useful and meaningful.

Councillor Wilson asked if there were plans to review and update the Public Sector Internal Audit Standards 2013 under which the review had been undertaken.

J Clark advised that there had been a review since 2013 but no major changes had resulted and she was not aware of any further planned review.

Resolved:

The outcome of the independent validation of Internal Audit's self-assessment of compliance with the Public Sector Internal Audit Standards, be noted.

656. INTERNAL AUDIT UPDATE

(ii) Housing and Environment

(a) 18-12 – Management of Contracts

There was submitted a report by the Chief Internal Auditor (18/360) on an audit to ensure the adequacy of arrangements in respect of contract management.

The Convener welcomed Mary Mitchell, Corporate Procurement Manager to the meeting.

J Clark advised that the audit had assessed contract management across a number of areas; contracts had been selected from the Housing and Environment Service as they dealt with the highest number of contracts. The actions required from the audit had been completed swiftly following actions being reported to managers and training had been undertaken.

M Mitchell provided a background to the procurement process for members' information.

Councillor Donaldson asked how training was delivered as training budgets had been cut and M Mitchell advised they were delivered in-house either by the Procurement Team or by Legal and Governance. Procurement Team training was kept up-to-date so that the Team could train other staff.

Councillor Donaldson referred to there being two of five contracts not notified to Public Contracts Scotland within the appropriate time limit and asked how much out of time they were; what sanctions there were and if there was reputational risk. M Mitchell advised that a report on all contracts was produced every Monday to follow up on each. EU contracts had to be notified within 30 days and M Mitchell was not aware of

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any sanctions although there could be some legal risk. M Mitchell agreed to provide Councillor Donaldson with information on how much out of time the two contracts had been.

Resolved:

Internal Audit's findings, as detailed in Report 18/360, be noted.

K REID AND M MITCHELL LEFT THE MEETING AT THIS POINT.

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

657. INTERNAL AUDIT UPDATE

(i) Corporate and Democratic Services

(a) 18-37 Cash Office Review

There was submitted a report by the Chief Internal Auditor (18/359) to ensure controls for the collection and banking of income through the cash office at Pullar House were in place and operating effectively.

J Clark advised that this audit had been carried out in addition to the Audit Plan for 2018/19 and arose as a result of the theft of monies from the cash office. J Clark advised that the control environment had been tightened and measures put in place to detect if inappropriate transactions were being made.

Resolved:

Internal Audit's findings, as detailed in Report 18/359, be noted.

658. VALEDICTORY

The Convener referred to the retiral of Gillian Taylor at the end of November 2018. Gillian had been in Local Government for 39 years with 22 of those in Perth and Kinross. The Convener thanked Gillian for a lengthy and exemplary service to Perth and Kinross Council.

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