

AUDIT COMMITTEE

Minute of Meeting of the Audit Committee held hybrid on Monday 28 March 2022 at 10.00am.

Present: Councillors E Drysdale, L Barrett, S Donaldson, D Illingworth, R McCall, and X McDade.

In Attendance: L Simpson, J Clark, S MacKenzie, S Walker, K Molley, A Brown, and M Pasternak, (all Corporate and Democratic Services); F Crofts and S D'All (Communities); and J Cockburn (Education and Children's Services).

Also in attendance: C Batchelor, KPMG (External Auditors)

Apology: Councillors H Coates

Councillor E Drysdale, Convener, Presiding.

1. WELCOME AND APOLOGIES/SUBSTITUTIONS

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

2. DECLARATIONS OF INTEREST

There were no declarations of interest made in terms of the Councillors' Code of Conduct.

3. MINUTE OF MEETING OF THE AUDIT COMMITTEE OF 7 FEBRUARY 2022 FOR APPROVAL

The minute of meeting of the Audit Committee of 7 February 2022 was submitted and approved as a correct record.

4. BRIEFING NOTE – ROADS MAINTENANCE PARTNERSHIP AGREEMENT

There was submitted a briefing note by Area Roads Engineer updating committee on the Roads Maintenance Partnership 'Obtaining Best Value in Works' procedure.

In response to a question from Councillor Donaldson, S D'All advised that a checklist was introduced at an early stage following the audit to resolve any issues. J Clark added that significant evidence shows that the risks highlighted were now being managed appropriately.

Councillor S Donaldson thanked officers for their work.

Resolved:

The contents of the briefing note, be noted.

5. PERTH AND KINROSS COUNCIL AUDIT STRATEGY – YEAR ENDING 31 MARCH 2022

There was submitted a report by the External Auditor, KPMG (22/64) presenting the Perth and Kinross Council Audit Strategy – Year ending 31 March 2022.

In response to a question from Councillor S Donaldson regarding projects such as the Comrie Flood Protection Scheme and PH20 and the processes and controls that apply, C Batchelor advised that areas that have significant value would be analysed separately.

In response to another question from Councillor L Barrett regarding financial sustainability and the potential challenges that could arise due to the current economic situation, C Batchelor advised that the five-year forecast and plans are in place, and budgets and cash flow projections are constantly being monitored. However, with the risk of inflation and increase in fuel costs etc, the present economic climate constantly changes. Other specialists are involved to scrutinise and challenge processes.

The Convener thanked KPMG for their service over the last five years and for the scrutiny that had been applied to the operations of Perth and Kinross Council.

Resolved:

Contents of report 22/64, be noted.

6. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (22/65) presenting a summary of Internal Audit's work undertaken as part of the Internal Audit Plans for 2020/21.

In response to a question from Councillor S Donaldson regarding staffing resources, J Clark advised that there are currently three full time members of staff in the Internal Audit team, with one of them being an audit trainee. She added that recruitment was underway for a Senior Internal Auditor and once in post, recruitment would be carried out for another full-time member of staff. With additional resources in place, the aim would be for the reports on violence and aggression, child protection and IT assets to come to the June committee for members consideration.

Councillor L Barrett thanked J Clark and her team for the work they had achieved over the last year with limited staffing resources.

Resolved:

- (i) The outcome from consultancy activity, be noted.
- (ii) The progress with Internal Audit activity, be noted.

7. NATIONAL FRAUD INITIATIVE 2020/21 OUTCOMES

There was submitted a report by the Chief Internal Auditor (22/66) outlining the action that has been taken by Perth and Kinross Council in response to the requirements of the National Fraud Initiative for 2020/21.

In response to a question from Councillor D Illingworth regarding the percentage of error or fraud compared to total incomes distributed, J Clark advised that an up-to-date figure would be issued to all members. In response to another question from Councillor D Illingworth regarding a risk-based approach when selecting matches, J Clark advised that high-quality matches are always investigated such as national insurance, but a proportion of lower quality matches are analysed to see if any further investigations would be required.

Resolved:

The actions taken by the Revenues and Benefits Service as a result of the non-provision of electoral register information, be noted.

8. ADDITIONAL BUSINESS

Councillor E Drysdale referred to his last meeting as Convener of the Audit Committee and thanked members and officers for their support. Members echoed the Convener's tributes and thanked Councillor E Drysdale for his professionalism over the last five years.

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

P1. INTERNAL AUDIT FOLLOW UP

There was submitted a report by the Chief Internal Auditor (22/65) presenting a current summary of Internal Audit's 'follow up' work relating to actions due for completion up to December 2021.

Resolved:

The completion of internal audit actions due within the period September-December 2021 and the current position in respect of the agreed actions arising from internal audit work, be noted.

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