

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
24 JUNE 2015

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Hay Room, Dewar's Centre, Glover Street, Perth on Wednesday 24 June 2015 at 2.00pm.

Present: Councillors B Vaughan, A Stewart, H Anderson, D Cuthbert, A Gaunt (substituting for W Wilson), J Giacomazzi and A Younger.

In Attendance: J Clark, D Henderson, I Innes, C Irons, P Mair, M Morrison, L Simpson, J Symon and G Taylor (all Chief Executive's Service); J Cockburn, J Pepper and L Richards (all Education and Children's Services); H Hope (the Environment Service) and N Copland and V Riddell (both Housing and Community Care).

Also in attendance: S Boyle Audit Scotland and S Burden, KPMG.

Apologies: Councillor W Wilson.

Councillor Vaughan, Convener, Presiding.

422. WELCOME AND APOLOGIES/SUBSTITUTIONS

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

423. DECLARATIONS OF INTEREST

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

424. MINUTE

The minute of meeting of the Audit Committee of 1 April 2015 (Arts. 238 – 244) was submitted and approved as a correct record subject to amendment to article 244 which should state S Boyle advised that the planning process was now underway for the 2014/15 plan and not 2015/16.

425. INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Chief Internal Auditor (15/262) presenting a current summary of Internal Audit's 'follow up' work and detailing (1) a summary of 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 which had yet to be followed up as their completion date had not been reached; and (5) detailed follow-up information on a Service-by-Service basis, in respect of actions agreed for completion in the period of January and March 2015.

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Officers from the relevant Services were present to answer members' questions on the progress on outstanding actions as follows:

Chief Executive's Service

(a) 14-07 – Data Protection – Action Points 13 and 14

It was noted that an additional Freedom of Information Officer had taken up post in March 2015 and the review of capacity within the team had been rescheduled for completion by September 2015. Councillor A Younger asked about the impact of delaying the centralisation of the processing of subject access requests and D Henderson advised that currently Housing and Community Care and Education and Children's Services process their own requests and the FOI team deal with the rest. The centralisation would take place when the FOI team were confident that they had capacity to deal with all requests and this was expected to be by September.

(b) 14-08 – Employee Expenses – Action Point 2

In response to a question from Councillor A Younger, J Clark advised the work by Human Resources and Payroll to revise the ERIC and MyView guidance on expenses would be completed by October 2015.

(c) Audit Scotland 7 – Action Point 2

It was noted that following changes to the national situation, a corporate risk assessment was now in progress for submission to the Executive Officer Team by December 2015. No major risks had been identified that were not already being addressed.

It was also noted that importance levels were not recorded for Audit Scotland reviews, however, S Boyle agreed to discuss this with his colleagues and the Chief Internal Auditor as the absence of a rating could be interpreted as being of a lower importance.

Environment Service

(a) Audit Scotland 4 – Action Point 2

It was noted the Roads Asset Management Plan had been approved by the Strategic Policy and Resources Committee in June 2015.

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 opinion.

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- (iii) Future reports include a brief summary of any outstanding critical or high actions.

D HENDERSON LEFT THE MEETING AT THIS POINT.

426. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (15/263) presenting a summary of Internal Audit's work against the 2014/15 and 2015/16 Annual Plans.

J Clark advised that any unplanned work would be reported back to committee.

Councillor B Vaughan referred to the new area of Health and Social Care Integration which Councillors would see unfolding.

Resolved:

- (i) The completion of all planned work for 2014/15 by 31 March 2015 be noted.
- (ii) The adequacy of the plans in place for financial assurance for the Health and Social Care Integration be noted.
- (iii) The progress made on Internal Audit's work against the Plan for 2015/16 be noted.

The Committee considered the following final reports:-

(i) Education and Children's Services

(a) 14 - 17 – Online Payments in Schools

There was submitted a report by the Chief Internal Auditor (15/264) on the review to provide advice when developing and implementing controls enabling schools to receive payments online.

J Clark advised there had been a delay in the procurement of the process but it was now ready for a trial roll out.

Resolved:

Internal Audit's findings, as detailed in Report 15/264, be noted.

(b) 15-04 – Approved Kinship Care

There was submitted a report by the Chief Internal Auditor (15/265) on the audit to verify that there were effective arrangements in place to implement relevant legislation and national guidance on the placement of children and young people in kinship care.

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J Clark advised there had been significant improvements in the documentation from 2013 although there was still some further improvement required.

J Pepper advised that although the Care Inspectorate carried out regular inspections of the Council's fostering and adoption services, kinship care arrangements were not within the scope of external scrutiny. Instead kinship care was regulated through the Looked After Children (Scotland) Regulations 2009.

Councillor B Vaughan noted that the strength of the internal control was moderate; there would be a report on kinship care to the Lifelong Learning Committee in November 2015 and that action point 2 in respect of the approval of kinship care placements was of high importance. Councillor Vaughan also asked if there would be a medical adviser on the kinship care panel and J Pepper confirmed there would be a consultant paediatrician.

Councillor B Vaughan asked if General Practitioners would be provided with a template when requesting the information needed and L Richards confirmed they would be asked pointed questions with regard to a person's ability to provide kinship care, such as on smoking and long-term illness.

Councillor A Stewart enquired about assessing a person's emotional or mental health and L Richards advised GP's would be asked about a person's general wellbeing and mental health as well as whether they had suffered from stress or been prescribed antidepressants. In general GP's were good at advising the Council of relevant issues which would be used in their assessment.

J Pepper advised that with there being a medical adviser on the panel, medical issues would be discussed.

Resolved:

Internal Audit's findings, as detailed in Report 15/265, be noted.

J PEPPER AND L RICHARDS LEFT THE MEETING AT THIS POINT.

(c) 14-37 - Children and Young People

There was submitted a report by the Chief Internal Auditor (15/266) on the audit to ensure that (i) starting and stopping dates for eligibility had been met; (ii) children and families were being offered 600 hours of early learning and childcare where required; (iii) looked after children's wellbeing was assessed and alternative arrangements made where required; (iv) the Council had fulfilled its duty to consult with parents at least once every

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two years about its arrangements for providing early learning and childcare and (v) early learning and childcare was being delivered in line with statutory requirements.

S Burden of KPMG advised it was a strong audit with three low risk actions which would be addressed by minor housekeeping to tidy up areas of the process.

Councillor B Vaughan advised that of the three actions, two were now complete and the signing up of the young people for next year's provision had started.

Resolved:

Internal Audit's findings, as detailed in Report 15/266, be noted.

(ii) Environment Service

(a) 14-22 – Property Information System (b)

There was submitted a report by the Chief Internal Auditor (15/267) on the audit to provide advice and assurance over the arrangements for the procurement and implementation of a new corporate property asset management system for use within the Environment Service.

J Clark advised this review was the second undertaken on the property information system and consultancy had been provided on the roll out of the system with an auditor on site at the roll out.

Councillor B Vaughan stated the roll out of the new system would be very welcome.

Resolved:

Internal Audit's findings, as detailed in Report 15/267, be noted.

(iii) Housing and Community Care

(a) 14-36 – Discretionary Housing Payments

There was submitted a report by the Chief Internal Auditor (15/268) on the audit to ensure that (i) there was a clear policy and procedures for the operation of Discretionary Housing Payments and (ii) the policies and procedures were being accurately and consistently applied and (iii) there was effective budget monitoring in place.

J Clark stated the service was keen to ensure they were prepared for the challenges of the Welfare Reform agenda.

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Councillor A Stewart queried whether a sample of 24 applications was sufficient and J Clark confirmed it was enough to be able to draw conclusions regarding a control environment.

J Clark agreed to provide the percentage of the sample applications to Councillor A Younger.

Councillor B Vaughan highlighted the three internal controls were rated as strong, moderate and moderately strong.

Councillor A Younger questioned what further action could be taken to improve on the moderate rating as refresher training had already been undertaken and monthly quality checks were to be undertaken.

J Clark assured that it was just a matter of time to allow the changes to settle in.

J Clark added that she understood action point two was now complete but had still to be provided with the evidence and in respect of action point three, updates would be provided to the Housing and Health Committee.

Councillor A Gaunt expressed concern that the same person had wrongly classified seven applications and questioned what the reasons were for that and also that as only a sample were checked, there could be errors elsewhere.

J Clark advised the errors had been highlighted as a training issue and had been addressed and all work for that individual had been checked and quality checks would be undertaken monthly by more senior officers.

Councillor B Vaughan asked how Internal Audit could be satisfied that mistakes could not happen again and J Clark advised there would be adequate control and supervision with a 10% sample checked enabling systematic errors to be picked up.

N Copland assured that the training and assessments would address the errors.

Resolved

Internal Audit's findings, as detailed in Report 15/268, be noted.

(b) 15-07 – Reablement

There was submitted a report by the Chief Internal Auditor (15/269) on the audit to ensure (i) there were adequate processes in place to assess needs and implement agreed

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outcomes for referred service users and (ii) management review confirms efficiency and effectiveness of the reablement service.

Councillor B Vaughan stated the reablement dovetailed with other areas of work so if this was not right it would impact on those other areas.

J Clark advised the reablement process provided support in the home to enable people to live independently but was not home care.

Councillor B Vaughan referred to the two controls which were both moderately strong.

V Riddell advised the first control in relation to processes had been addressed through documentation which had not always been clear. In addition there were now monitoring meetings giving an opportunity for feedback. While it was acknowledged some of these meetings may not go ahead there would still be a telephone update. V Riddell assured that formal reviews were still undertaken even if meetings did not take place.

Councillor A Stewart acknowledged the success of the project as it was noted that 40% of clients using the service required no further support at the end of the reablement period.

Councillor A Stewart queried if there were backlogs prior to people moving home from hospital.

V Riddell advised there were no backlogs for the reablement team as they were able to deal with all cases. The team generally erred on the side of caution in provision of the service as clients often lacked confidence which came back in time.

Councillor B Vaughan referred to action point 4 regarding supervision and employee review and development (ERD) meetings and J Clark advised further supervision should take place but ERD meetings were being undertaken during the audit.

V Riddell confirmed there was a system in place for supervision meetings but this had fallen behind at the start of the year and action had been taken to ensure that would not happen again. She added that staff had been issued with smart phones and this had helped with the level of paperwork.

Resolved:

Internal Audit's findings, as detailed in Report 15/269, be noted.

V RIDDELL LEFT THE MEETING AT THIS POINT

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427. INTERNAL AUDIT YEAR END REPORT 2014/15

There was submitted and noted the internal audit year-end report 2014/15.
(15/270)

J Clark stated this report consolidated information over the year, showing how the Council was doing and actions agreed.

It was pleasing that 88% of actions had been completed and the main purpose of the report was to provide a summary of the year and the audit opinion of the Council's systems of internal control as detailed in paragraph 7.

Councillor B Vaughan suggested that in future reports, the two previous years of risks and controls be included for comparison.

Councillor B Vaughan acknowledged a lot of work undertaken on anti-fraud activity and thanked Internal Audit and all services for completion of the plan within the year and with stronger actions and highlighted the audit opinion in the report.

Resolved:

The Chief Internal Auditor's opinion that reasonable reliance can be placed on the Council's systems of internal control for 2014/15, subject to management implementation of the agreed actions detailed in Internal Audit reports and summarised at section 2 of report 15/270 be noted.

428. COUNTER FRAUD AND CORRUPTION STRATEGY

There was submitted and noted a joint report by the Head of Legal Services and Head of Finance (15/66) presenting an updated strategy for managing the threat of the Council from fraud, corruption and other illegal acts. The report had been approved by the Strategic Policy and Resources Committee on 11 February 2015.

Councillor B Vaughan referred to the Strategic Policy and Resources Committee report which agreed a report be submitted to the Audit Committee within six months on how the strategy and related policies were being implemented.

429. UPDATE ON THE IMPLEMENTATION OF THE COUNTER FRAUD AND CORRUPTION STRATEGY

There was submitted a report by the Chief Internal Auditor (15/271) providing an update on the implementation of the strategy for managing the threat to the Council from fraud, corruption and other illegal acts.

J Clark advised Internal Audit had worked closely with legal services in compiling the counter fraud and corruption strategy.
A risk assessment template was being trialled to ensure it was sufficiently robust and thereafter it would be rolled out across the Council.

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J Clark advised Internal Audit had contacted Public Concerns at Work, a charity established to support whistle-blowers to effectively raise concerns, to provide support for the development of the procedures which support the whistle-blowing policy.

J Clark advised a plan to raise awareness of the strategy was being developed.

Councillor B Vaughan queried when updates would be provided to committee on the strategy and J Clark advised information would be included in the annual report but there may be other occasions when a report would be submitted depending on the investigations undertaken and the impact or effect on the strategy.

Councillor A Stewart queried if all Councillors would receive training and not only those on the Audit Committee and J Clark advised all elected members would be briefed on the strategy and its procedures as part of the elected member development programme. This would include specific responsibilities for the Councillor's role in receiving information regarding concerns of a whistle-blowing nature.

Resolved:

- (i) The progress being made with the implementation of the Counter-Fraud and Corruption Strategy be noted.
- (ii) Updates by the Chief Internal Auditor be submitted to this Committee to enable members to maintain an oversight of the Counter Fraud and Corruption activity.

430. NATIONAL FRAUD INITIATIVE PROGRESS REPORT

There was submitted a report by the Chief Internal Auditor (15/272) on (i) action taken by the Council in response to the requirements of the National Fraud Initiative for 2014/15 and (ii) updating the Committee on the outcome of the exercise to verify the accuracy of the single person discounts for Council tax.

Resolved:

- (i) The action being taken by Perth and Kinross Council in response to the requirements of the National Fraud Initiative for the 2014/15 exercise be noted.
- (ii) The actions taken by the Revenues and Benefits Service as a result of the non-provision of electoral register information and the outcomes of the exercise to identify fraud and error be noted.

431. VALEDICTORY

The Convener thanked Ian Innes, Head of Legal Services, for his contribution to the Audit Committee and wished him well in his retirement.

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