

PERTH AND KINROSS COUNCIL  
AUDIT COMMITTEE  
20 NOVEMBER 2019

## **AUDIT COMMITTEE**

Minute of meeting of the Audit Committee held in the Council Chamber, 2 High Street, Perth on Wednesday 20 November 2019 at 1.05pm.

Present: Councillors E Drysdale, S Donaldson, D Illingworth, R McCall, S McCole (substituting for M Williamson) and X McDade.

In Attendance: J Clark, C Irons, S Mackenzie, C Robertson and L Simpson (all Corporate and Democratic Services); G Boland, J Cockburn and B Martin-Scott (Education and Children's Services) and F Crofts (Housing and Environment).

Apologies: Councillors H Coates and M Williamson.

In the absence of the Convener, the Vice-Convener took the Chair.

Councillor S Donaldson, Vice-Convener, Presiding.

The Convener led discussion on Art. 588 and the Vice-Convener led discussion on Arts. 584-587 and 588(i) and (ii).

### **584. WELCOME AND APOLOGIES/SUBSTITUTIONS**

The Vice-Convener welcomed everyone to the meeting. Apologies and a substitution were noted as above.

### **585. DECLARATIONS OF INTEREST**

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

### **586. MINUTE**

The minute of meeting of the Audit Committee of 18 September 2019 (Arts 445-451) was submitted and approved as a correct record and authorised for signature.

It was noted that a report on the Cultural Trusts Transformation Project would be submitted to this Committee in advance of a report to Council on 22 April 2020. (Art. 451)

Councillor S Donaldson advised that he had sent a follow-up letter to the Courts and Tribunal Service regarding a Perth Hearing Venue for welfare rights appeals following previous consideration of the matter and had no response so would contact the Ministry of Justice after the General Election on 12 December 2019. (Art 356)

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**587. INTERNAL AUDIT FOLLOW UP**

There was submitted a report by the Chief Internal Auditor (19/336) presenting a summary of Internal Audit's follow up work relating to actions due for completion in July and August 2019.

It was noted that in respect of action plan 17-03 relating to the Capital Programme, that the draft Capital Programme Gateway Review Process had been considered by the Strategic Investment and Improvement Board in October 2019 and following consideration by the Executive Officer Team the Process would be rolled out in January 2020.

With regard to action plan 18-12 relating to the Management of Contracts, Councillor S McCole stated it would be good practice to align Finance and Human Resources systems to ensure that the authorised signatory database would be updated when an employee moved to a new role or left the Council.

It was noted that in respect of action plan 18-11 relating to the School Estate Strategy 2012-2017, that a new Perth and Kinross strategy was being drafted following the launch of a national strategy in September 2019 and would be submitted to the Lifelong learning Committee early next year.

**Resolved:**

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

COUNCILLOR E DRYSDALE ARRIVED DURING CONSIDERATION OF THE ABOVE ITEM AND TOOK OVER THE CHAIR.

Councillor E Drysdale, Convener, presiding.

**588. INTERNAL AUDIT UPDATE**

There was submitted a report by the Chief Internal Auditor (19/337) presenting a summary of Internal Audit's work.

**Resolved:**

The completion of assignments since the last Audit Committee on 18 September 2019, be noted.

The Committee considered the following final reports:

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**(i) Corporate and Democratic Services and Education and Children's Services**

**(a) 19-01 Live Active Leisure Income Collection and Reimbursement at Campus Sites**

There was submitted a report by the Chief Internal Auditor (19/338) on an audit to ensure that (1) income due to Live Active Leisure was accurately collected and recorded at Community Campus Sites; and (2) all income belonging to Live Active Leisure was reimbursed in a complete and timely manner.

It was noted the audit covered Learning Community Campuses at Breadalbane, Aberfeldy; Strathearn, Crieff; Loch Leven, Kinross and North Inch, Perth.

The Community Campuses at Glenearn, Perth and Blairgowrie were not included as they operated separate arrangements for income collection.

J Clark stated that Education and Children's Services and Live Active Leisure (LAL) were aware of some issues prior to the audit and had been working to address these and although not all controls were yet in place there was no issues of particular concern.

J Cockburn advised the audit had galvanised the relevant staff into action and it had been acknowledged that there were weak controls, some of which had been caused by a change in staff. A Working Group had been established and held a positive meeting.

In response to a question from Councillor X McDade, J Clark confirmed that Internal Audit had been approached for advice prior to the audit.

Councillor E Drysdale stated it was important to recognise that a weak control was testament to the work of Internal Audit for bringing this to light. Councillor E Drysdale asked if there was an estimate of the uncollected debt dating back to 2014.

J Cockburn advised a figure for older debt was not available but appropriate information will be extracted from the IT system, MRM, regarding aged debt.

Councillor S McCole noted that the existence and location of the centralised campus reception finance procedures manual were unknown to staff interviewed and queried if it had since been located. J Cockburn confirmed it had but staff had been unaware of its existence due to turnover of staff.

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Councillor X McDade asked why debt recovery had not been raised under a LAL audit and J Clark advised that the audit was on the Council's systems and did not include the LAL system.

In response to a question from Councillor E Drysdale regarding the removal of the supervisor role, J Clark advised that it was Internal Audit's view that the role of the supervisor in respect of controls and oversight had not been fully re-assigned.

G Boland added that the removal of the supervisor was not fundamental as staff should have been able to undertake the duties required.

Councillor E Drysdale asked if there was a duplication of systems between the Council and LAL and G Boland advised duplication had not helped the situation, however, it had been the turnover of staff and inadequate training which had resulted in the problems.

Councillor S McCole queried if the issues were symptomatic of the procedure or were a result of organisational change across the Council and whether there was a system in place to record and advise of leavers and joiners to the Council.

G Boland stated it was isolated due to the complexity of the campus set up and that they would work to make sure that systems were adequate and effective so that this issue did not arise again.

J Cockburn assured members that the deadlines for the completion of the action points would be met as action was being taken as a matter of priority to strengthen the controls in the process.

**Resolved:**

- (i) Internal Audit's findings, as detailed in Report 19/338, be noted.
- (ii) An update be provided to the next Committee in February 2020.

**(ii) Education and Children's Services**

**(a) 19-03 Ordering and Certification and Stock Control**

There was submitted a report by the Chief Internal Auditor (19/339) on an audit to ensure that (1) controls over the ordering of goods were adequate; (2) controls over the receipting of delivery of goods were adequate and (3) controls over the safeguarding of resources were adequate.

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J Clark advised the audit had been undertaken after Internal Audit were contacted by the Service. A new Service Manager had recently been appointed and the audit looked at tightening controls; providing clarity in the processes and ensuring the assets held were safeguarded and the audit had been well received by the Service.

B Martin-Scott, Service Manager (Early Years and Primary) confirmed that action had been taken to improve the processes and the financial controls and most action points had been completed and the remaining action was near completion.

**Resolved:**

Internal Audit's findings, as detailed in Report 19/339, be noted.

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