

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Committee Room, Fourth Floor, Council Building, 2 High Street, Perth on Wednesday 18 June 2014 at 2.00pm.

Present: Councillors B Vaughan, A Stewart, H Anderson, J Giacobazzi (from Art. 447), A Jack (substituting for D Cuthbert), E Maclachlan (substituting for A Younger) and W Wilson.

In Attendance: J Clark, I Innes, C Irons, J Symon, G Taylor (all Chief Executive's Service); N Ballantine, H Hope, B Morton and B Renton (all the Environment Service); A Taylor (Housing and Community Care); and J Cockburn (Education and Children's Services) .

Also Attending: N O'Connor, Audit Scotland.

Apologies: Councillors D Cuthbert and A Younger.

Councillor Vaughan, Convener, Presiding.

443. WELCOME AND APOLOGIES/SUBSTITUTIONS

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

444. DECLARATIONS OF INTEREST

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

445. MINUTE

The minute of meeting of the Audit Committee of 2 April 2014 (Arts. 210 – 217) was submitted and approved as a correct record.

446. MATTERS ARISING

(i) Bribery Act 2010 (Art 212)

The Chief Internal Auditor advised that progress was being made on completion of a policy document following discussion with other Local Authorities. The document would be completed by the end of June 2014 and consultation would then take place. Draft guidance was also awaited from Audit Scotland.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

(ii) Audit of Housing and Council Tax Benefit - Risk Assessment Report (Art 216)

It was noted the Risk Based Verification Policy for housing benefit which the Council delivered on behalf of the Department for Work and Pensions (DWP) had been approved by the Housing & Health Executive Sub-Committee of 16 June 2014 with an agreed implementation date of 1 July 2014. As requested by the DWP authority be given to the Policy being signed by the Convener of the Audit Committee, Councillor B Vaughan, and the Section 95 officer, John Symon.

(iii) Audit Committee: Review of Effectiveness (Art. 217)

It was noted that the training for elected members would take place after the summer recess.

J GIACOPAZZI ENTERED THE MEETING AT THIS POINT.

447. INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Chief Internal Auditor (14/273) which presented the current summary of Internal Audit's 'follow up' work and detailed (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 to March 2014.

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

Chief Executive's Service

(a) Following the Public Pound (FPP) – Action Point 23 – 12-02

It was noted the FPP code now included a version control table and following a review, the code would be published on ERIC in November 2014.

(b) Following the Public Pound (FPP) – Action Points 24 & 27 – 12/02

I Innes advised that at present payment information was being manually extracted from Integra, however, Integra was to be adapted to enable the relevant data to be automatically extracted to populate the Central Register.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

(c) Audit Scotland's Review of Data Management – Action Points 5 & 6 – Audit Scotland 7

It was noted that the Policy and Governance Group had agreed to include a Privacy Impact Assessment in the Committee report process.

A revised assessment process would be submitted to the Executive Officer Team prior to its introduction and the process would be reviewed in November 2014.

It was also noted the issues with the Information Security and Data protection e-learning had been resolved and it would be implemented by August 2014.

(d) Audit Scotland's Review of Data Management – Action Point 2 – Audit Scotland 7

It was noted that a Corporate Risk Assessment of Data Management would be costly and time-consuming to undertake. It was suggested that the integrity of the data already held should be addressed and a detailed report would be submitted to the Executive Officer Team for consideration prior to a report back to the Audit Committee.

A Stewart expressed concern that not undertaking a Corporate Risk Assessment could expose the Council to situations but acknowledged that to undertake the Assessment would be time-consuming and costly so looked forward to receiving a further report to ensure that robust arrangements were in place.

(e) Gifts and Hospitality – Action Point 4 – 12-20

It was noted that there would be an article on the rules on gifts and hospitality in the next issue of the Inside News and also a lunchtime information session.

Education and Children's Services

(a) Following the Public Pound (FPP) – Action Point 17 – 12-02

It was noted that Education and Children's Services would be in a position to co-ordinate reporting requirements following the review of the FPP guidance.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

The Environment Service

(a) Following the Public Pound – action point 6 – 12-02

It was noted that progress had been made with regard to the Service Level Agreements for both the Perth & Kinross Heritage Trust and the Perth & Kinross Countryside Trust.

(b) Software Licences – action points 3.1 and 3.2 – 13-02

It was noted that a complete list of all software will be passed to Information Technology by the end of June 2014.

(c) Roads Management Inspection and Maintenance – action point 9 – 13-05

It was noted the Roads Maintenance Strategy had been approved by the Enterprise and Infrastructure Committee on 2 April 2014.

Resolved:

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

448. INTERNAL AUDIT UPDATE

There was submitted a report (14/274) by the Chief Internal Auditor presenting a summary of Internal Audit's work against the 2013/14 and 2014/15 annual plans.

Resolved:

- (i) The internal Audit Plan for 2013/14 had been completed with one report to be considered at the next meeting of the Audit Committee on 17 September 2014 be noted.
- (ii) The 2014/15 Internal Audit Plan would be completed within the year be noted.
- (iii) The progress made on Internal Audit's work against the plans for 2013/14 and 2014/15 be noted.

The Committee considered the following final reports:-

(i) Corporate

(a) 13/19 – Capital Programme

There was submitted a report by the Chief Internal Auditor (14/275) on the internal audit review carried out to ensure (1) the integrity and adequacy of the management of the Capital Programme and (2) the adequacy of the monitoring and reporting arrangements of the composite capital programme.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

Councillor Vaughan expressed disappointment that there were areas of concern in respect of the Capital Programme, however, noted when all action points were completed the Council would have a robust Capital Programme.

Resolved:

Internal Audit's findings, as detailed in Report 14/275, be noted.

(ii) Housing and Community Care

(a) 13/14 – Scottish Welfare Fund

There was submitted a report by the Chief Internal Auditor (14/276) on the internal audit review to (1) verify the adequacy of procedures relating to the Scottish Welfare Fund (SWF), (2) ensure that staff are appropriately protected in their customer facing role, (3) ensure that financial monitoring of the SWF is effective and (4) ensure that there is adequate segregation of duties.

Resolved:

Internal Audit's findings, as detailed in Report 14/276, be noted.

(b) 13/20 – Welfare Reform

There was submitted a report by the Chief Internal Auditor (14/277) on an assignment by Internal Audit to ensure arrangements were in place for the Council to be prepared for Welfare Reform and the introduction of Universal Credits.

Resolved:

Internal Audit's findings, as detailed in Report 14/277, be noted.

(c) 14/06 – Petty Cash

There was submitted a report by the Chief Internal Auditor (14/278) on the internal audit review to ensure arrangements were in place to provide assurance of the management of petty cash.

Resolved:

Internal Audit's findings, as detailed in Report 14/278, be noted.

(iii) Environment Service

(a) 13/18 – Fleet Management

There was submitted a report by the Chief Internal Auditor (14/279) on the internal audit review to ensure (1) that Fleet Management operation was subject to and employs the principles of sound asset management as regards procurement, deployment and disposal, thereby achieving value for money, (2) that fleet was appropriately licensed, maintained

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

and safe, in accordance with the operator's licence and (3) that a set of rules and procedures govern the activities of the fleet, which were applied by drivers and operatives and whose controls were implemented by managers.

B Morton, Fleet Manager, was present to answer members' questions and explain the timing of vehicle inspections.

Resolved:

Internal Audit's findings, as detailed in Report 14/279, be noted.

B MORTON LEFT AT THIS POINT IN THE MEETING.

449. INTERNAL AUDIT YEAR END REPORT

There was submitted a report by the Chief Internal Auditor (14/280) presenting the year-end report and audit opinion for 2013/14.

Resolved:

The Chief Internal Auditor's opinion that reasonable reliance can be placed on the council's system of internal control for 2013/14, subject to management implementation of the agreed actions detailed in Internal Audit reports and summarised in section 2 of report 14/280, be noted.

450. UPDATE ON IMPLEMENTATION OF AGREED ACTIONS ARISING FROM THE INTERNAL AUDIT REPORT ON BUSINESS CONTINUITY

There was submitted a report by the Chief Internal Auditor (14/281) presenting a summary of the Environment Service response to the outcomes of Internal Audit's report on Business Continuity and providing an update on the implementation of the agreed action plan.

Resolved:

- (i) The progress made by the Environment Service in implementing the actions agreed in the Business Continuity Internal Audit Report be noted and that the actions were completed.
- (ii) The improvement in the control environment for Business Continuity be noted.

451. EXTERNAL AUDIT REPORTS

(i) Audit Scotland Report – Audit Service Quality – Results of the 2012/13 Local Government Survey

There was submitted a report by the Head of Finance (14/282) on Audit Scotland's report on the results of the 2012/13 Local Government Survey on Audit performance.

Resolved:

Audit Scotland's report on the results of the 2012/13 Local Government Survey be noted.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
18 JUNE 2014

**(ii) Arm's Length External Organisations – Are You Getting It Right? :
A Follow-Up Report**

There was submitted a report by Audit Scotland (14/283) on a follow-up report prepared in May 2014 on arm's length external organisations.

Resolved:

- (i) Audit Scotland's Arm's Length External Organisations follow-up report be noted.
- (ii) Progress of agreed actions be included in the Chief Internal Auditor's Follow-Up report following the agreed date for action.

J COCKBURN, H HOPE AND A TAYLOR LEFT AT THIS POINT IN THE MEETING.

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

452. INTERNAL AUDIT UPDATE

The Environment Service

(a) 13-10/13-27 – Works Awarded After Value For Money Assessment

There was submitted a report by the Chief Internal Auditor (14/284) on the internal audit review carried out to ensure the process of works awarded after value for money assessments was being delivered.

Resolved:

Internal Audit's findings, as detailed in Report 14/284, be noted.

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