

AUDIT SUB-COMMITTEE

Minute of Meeting of the Audit Sub-Committee held in the Committee Room, 2 High Street, Perth on Wednesday 3 March 2010 at 2.00pm.

Present: Councillors K Baird, A Gaunt, W Lumsden and B Vaughan and Mr J Howie.

In Attendance: J Clark, E Crichton, M Kay and K Dewar (all Chief Executives); G Boland (Education and Children's Services); G MacFarlane (the Environment Service) and H Turley (Housing and Community Care).

Also Attending: M Richardson and C Wyllie (Henderson Loggie, External Auditors).

Councillor Baird, Presiding.

TRIBUTE TO COUNCILLOR JOHN LAW

Prior to the commencement of business Councillor Baird paid tribute to Councillor John Law whose incisive questioning and perceptive understanding had made him an excellent Convener of the Audit Sub-Committee since his appointment in May 2007 and, on behalf of the Sub-Committee, expressed her condolences to his family.

1. DECLARATIONS OF INTEREST

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

2. MINUTE OF PREVIOUS MEETING

The Minute of Meeting of the Audit Sub-Committee of 20 January 2010 was submitted and approved as a correct record.

Note:

Item 3 (Resolution (iii)) – 08/003 – Capital Projects (Action Point 6)

Housing and Community Care were requested to report back to the next meeting of the Sub-Committee on the position of any outstanding actions in respect of Audit 08/003.

3. INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Acting Chief Internal Auditor (10/118) detailing (1) outstanding actions arising from internal and external audit reports; (2) those agreed actions currently being followed-up, even where the originally agreed completion dates had not yet been reached; (3) the number of agreed actions reported as incomplete after the original agreed completion date; and (4) detailed follow-up information on a service-by-service basis, in respect of actions agreed for completion in the period September to December 2009.

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Members were pleased to note that there had been a reduction in outstanding actions since the previous meeting.

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

(i) 05/032 – Following the Public Pound (Action Point 1)

E Crichton confirmed that the action would be completed in April 2010.

(ii) 08/008 – Committee Services (Action Point 4)

H Turley confirmed that the Democratic Manager (Committee) had attended the Housing and Community Care Senior Management Team to give a presentation on the development of the protocol to clarify the respective roles of Services and Committee Services, the first of four such presentations to Services.

(iii) 08/013 – Equalities – Access to Services (Action Point 7)

It was noted that the action was complete, with no complaints raised regarding access difficulties. In response to an enquiry from Councillor Vaughan as to arrangements for those staff in schools with no access to computers, G Boland reported that work was ongoing to ensure all school staff had access.

(iv) 08/006 – Single Outcome Agreement (Action Point 1)

Councillor Vaughan requested that every effort be made to expedite agreement on the enhanced governance arrangements.

(v) 08/018 – Councillors Expenses (Action Point 2)

It was noted that comments had been sought from elected members on the provision of guidance on completion of expense forms and approved duties and the Head of Democratic Services was hopeful the action would be complete by the end of March, 2010.

(vi) 05/040 – Housing Repairs (Action Point 6)

Councillor Baird expressed concern that this action had been outstanding for some time. H Turley advised that the action on the Re-Charge Policy would be completed by 1 April 2010.

(vii) 07/003 – Community Care (Financial Guardianship) (Action Point 5)

It was agreed that the completion date on Action Point 5 be changed to the end of May 2010.

E CRIGHTON LEFT THE MEETING AT THIS POINT.

(viii) 06/002(b) – Fleet Management (Action Point 14)

In response to Councillor Baird's enquiry as to progress on this action which had been outstanding for some time and Councillor Vaughan's concern that procedures for checking licences should be in place, J Clark confirmed that arrangements were in place to carry out the necessary checks and advised that the outstanding action was in relation to completion of the overarching policy and procedures.

(ix) 06/065 – Development Management and Planning Applications (Action Point 5)

In response to a question from Councillor Lumsden, G MacFarlane advised that this action related to place making guidance and noted that the announcement of Permitted Developments from the Scottish Parliament was still awaited.

(x) 08/029 – Development Management and Planning Applications

(a) (Action Point 3)

In response to a question from Councillor Lumsden as to the roles referred to in the action, G MacFarlane advised that this referred to the case officer and the officer signing off an application to ensure a separation of duties.

(b) 08/029 – (Action Point 5)

G MacFarlane reported that this action was now complete.

(c) 08/029 – (Action Point 10)

In response to a question from Councillor Lumsden, G MacFarlane advised that, whilst it had been hoped this action would have been completed by March 2010, this was part of a rolling programme of six monthly audits which had been deferred as there seemed little merit in auditing reports on applications during implementation of the new Planning Act changes.

(xi) 07/024 – Occupational Stress (Action Point 8)

In response to a question from Councillor Baird as to the current position on this action, J Clark advised that action had been delayed by changes in personnel but was now proceeding following the appointment of the new Health, Safety and Wellbeing Manager.

(xii) 08/001 – Public Service Transport (Action Point 11)

Councillor Baird expressed concern that this action had been outstanding since September 2008 and stressed that this required to be actioned by the next meeting of the Sub-Committee.

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Councillor Vaughan enquired if original reports were available to view online in numerical order for ease of reference, as at present it was necessary to know the date of submission. J Clark advised that consideration was being given to the development of an Audit share-point site which could be accessed by members of the Sub-Committee.

Resolved:

- (i) The current position in respect of the outstanding agreed actions arising from internal/external audit work be noted.
- (ii) The agreed action plans be progressed taking into account the recorded audit opinion.
- (iii) The acting Chief Internal Auditor include information within future Follow-Up Reports on the risk identified in the original Audit Report relating to outstanding actions to give context to the actions.

4. INTERNAL AUDIT UPDATE

There was submitted a report by the Acting Chief Internal Auditor (10/135) presenting a summary of the status of Internal Audit's work for 2009/10 against the annual plan and detailing: (1) those assignments completed but where findings were under discussion with management; (2) assignments in progress and (3) the schedule of planned audits for 2009/10 and previous years.

In response to a question from Councillor Gaunt on the volume of unplanned work, J Clark outlined the type of cases which required to be dealt with as a priority, often with limited information. Councillor Baird requested information on the current position on staffing levels as this impacted on the delivery of the audit plan. J Clark advised that the former Chief Internal Auditor would not be returning and she had been appointed as Acting Chief Internal Auditor until the end of March 2010.

In view of the current staffing situation and unplanned work, J Clark requested that the proposed Internal Audit 08/005, Registers of Hospitality, be removed from the 2008/09 Plan.

Mr Howie expressed concern that staffing levels were impinging on the audit function, particularly as reliance was placed on internal audit by the external auditors. This was echoed by other members of the Audit Sub-Committee. Councillor Vaughan stressed that it would be important when agreeing the internal audit plan for 2010/11 that information was provided on staffing levels available to ensure that a realistic programme could be set.

Resolved:

- (i) The progress of Internal Audit's work against the 2009/10 plan and planned audits from previous years be noted.
- (ii) The proposed Internal Audit 08/005 Registers of Hospitality be removed from the 2008/09 plan and be re-considered in line with the methodology for the 2010/11 Internal Audit Plan.
- (iii) The issue date for Internal Audits 08/023, Local Management of Schools – Primary and 08/027, Services to Homeless People, be changed to March 2010.

5. EXTERNAL AUDIT REPORT

(i) Risk Assessment, Annual Audit Plan and Fee Proposal for 2009/10

There was submitted a report by the External Auditor (10/136) setting out (1) the audit framework; (2) how the auditors objectives would be met; (3) the key business and audit risks identified from the planning process; (4) actions and planned output and (5) the fee proposal for 2009/2010.

M Richardson and C Wyllie, External Auditors, were present to speak to the report and answer members' questions on the issues raised.

C Wyllie highlighted the main points in Report 10/136 drawing the Sub-Committee's attention to the new approach being taken with regard to external scrutiny of local authorities with the development of Shared Risk Assessments from 2010/2011, which would lead to a three year external scrutiny plan being drawn up. This would reduce the level of external scrutiny and would depend on effective self assessment by the Council. Mr Howie expressed concern on the burden this placed on the Council, and was advised that previously the number of external inspections had been particularly onerous for some services.

She explained the relationship between external and internal audit and the reliance placed on Internal Audit's work. Cllr Lumsden enquired as to the effect if the two outstanding reports for the current year were not completed in time and the progress on these. J Clark advised that the IHRP report was a three stage process with the first report submitted so far and C Wyllie advised that there was some contingency built in to External Audit to cover this if necessary.

In response to a question from Mr Howie on the reduction of SPI's, C Wyllie explained that 25 core SPI's would be retained and this was in recognition of the Council's own Performance Planning Systems, which together would enable assessment of the outcomes of the Single Outcome Agreement.

It was noted that the fee for 2010/2011 was currently being negotiated with the Head of Finance, but that a 2 per cent efficiency saving had been built in to this.

Resolved:

The contents of Report 10/136 be noted.

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