

PERTH AND KINROSS COUNCIL
SCRUTINY COMMITTEE (Art. 669(ii) (Appendix I))
3 December 2008

AUDIT SUB-COMMITTEE

Minute of Meeting of the Audit Sub-Committee held in the Committee Room, Fourth Floor, Council Building, 2 High Street, Perth on Wednesday 28 May 2008 at 2.00pm.

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

In Attendance: G Stevenson (Executive Director (Corporate Services))(From Item 3 (ii)(b)); K Woolard; I Innes (For Item 4); R Thomson (For Item 3(ii)(b)); D Farquhar; E Crichton; L Brady and K Dewar (all Corporate Services); M Cochlan (Up until Item 6) and J Dickson (both Chief Executive's); J Valentine (Depute Executive Director (Environment) and A Warrington (For Item 3) (both Environment Service); J Dean (For Item 3(ii); P Lakie (For Item 3(i); S Strathearn (For Item P1(i)(b) and C Hendry (For Item 3(ii) (all Housing and Community Care); C Archibald (Education and Children's Services).

Also Attending: A Borrows (External Auditor).

Apology for Absence: Mr J Howie.

Councillor Law, Convener, Presiding.

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 19 March 2008 was submitted and approved as a correct record.

3. INTERNAL AUDIT UPDATE REPORT

There was submitted a report by the Chief Internal Auditor (08/289) presenting a summary of Internal Audit's work for 2007/2008 against the Annual Plan and detailing (1) finalised assignments; (2) those assignments completed but where findings were under discussion with management; (3) assignments in progress; and (4) the schedule of planned audits with issue dates.

K Woolard, Chief Internal Auditor, spoke to the report and answered members' questions.

Resolved:

- (i) The progress of Internal Audit's work against the 2007-2008 Annual Plan, as detailed in Appendices A, B and C to Report 08/298, be noted.
- (ii) The audit of Data Protection be not progressed at this stage.
- (iii) It be noted that the planned audit of Shared Services; Elections, and Tayside Contracts had been delayed.

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(i) Housing and Community Care

(a) 07/002 – Housing Benefits

There was submitted a report by the Chief Internal Auditor (08/290) setting out the results of an internal review of the process for checking claims and changes in circumstances of existing claimants, and organisational and control factors in place to enable the Authority to deliver good performance and provide accurate performance information.

P Lakie was present to answer members' questions on the report and, in response to a question on recovering debts, explained why an overpayment of benefit could be made and the benefit recovery process.

Resolved:

The findings, recommendations and action plans, as detailed in Report 08/290, be noted.

(b) 07/003 – Community Care (Financial Guardianship)

There was submitted a report by the Chief Internal Auditor (08/291) setting out the results of an internal review of the arrangements for the guardianship of clients' finances in terms of the National Care Home Agreement with providers of care home services, local Community Care Administrations Procedures Manuals and relevant legislation.

J Dean and C Hendry were present to answer members' questions in relation to the monitoring process to ensure that clients received their full personal allowance and on care homes' compliance with the National Care Home Agreement.

Resolved:

- (i) The findings, recommendations and action plans, as detailed in Report 08/291, be noted.
- (ii) A progress report on monitoring care homes' compliance with the National Care Home Agreement be submitted to a future meeting of the Audit Sub-Committee.

(ii) Corporate Services

(a) 07/006 – Payment of Creditors

There was submitted a report by the Chief Internal Auditor (08/292) setting out the results of an internal review of the procedures for processing and paying creditors.

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C Archibald was present to answer members' questions in relation to the procedures for certifying invoices.

Resolved:

The findings, recommendations and action plans, as detailed in Report 08/292, be noted.

G STEVENSON ENTERED THE MEETING DURING CONSIDERATION OF THE FOLLOWING ITEM.

(b) 07/019 – Property Management

There was submitted a report by the Chief Internal Auditor (08/293) setting out the results of a review of the management of the Council's commercial property portfolio.

R Thomson was present to answer members' questions on the report, with particular reference to the Council's property management policy framework and property disposals. He confirmed that the Council had an agreement with a private sector property management company to market and manage small elements of the Council estate. Following the core processes review of Estates Management, which would include disposals mechanisms, a policy framework would be submitted to Committee, probably in 2009.

Resolved:

The findings, recommendations and action plans, as detailed in Report 08/293, be noted.

(iii) The Environment Service

(a) 07/018 (Client Transport), 07/023 (School Transport), 08/001 (Public Service Transport)

There was submitted a report by the Chief Internal Auditor (08/294) setting out the results of the review of the Council's arrangements relating to the provision of transport of clients by external providers on behalf of its Services, and also provision of local bus services.

A Warrington was present to answer members' questions on the report, with particular reference to insurance cover and contract monitoring.

Resolved:

The findings, recommendations and action plans, as detailed in Report 08/294, be noted.

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A WARRINGTON LEFT AND I INNES JOINED THE MEETING AT THIS POINT.

C HENDRY LEFT THE MEETING DURING CONSIDERATION OF THE FOLLOWING ITEM.

4. INTERNAL AUDIT FOLLOW-UP WORK

There was submitted a report by the Chief Internal Auditor (08/295) presenting a summary of Internal Audit's current follow-up work.

I Innes, J Valentine, R Thomson and C Archibald were present to answer members' questions on progress being made to complete the agreed actions. With reference to guidance on implementing new legislation, I Innes stated that a guidance note had been submitted to the Executive Management Team in March 2008.

Resolved:

- (i) The current position in respect of outstanding agreed actions arising from internal and external audit work be noted.
- (ii) Information be provided to a future meeting of the Sub-Committee on how the development of guidance on implementing new legislation would be addressed.
- (iii) An update be provided to a future meeting of the Sub-Committee on the relationship between the Investment in Learning programme and implementing School Catering contract monitoring.

I INNES LEFT THE MEETING AT THIS POINT.

5. THE INTERNAL AUDIT PLAN 2008/2009

There was submitted a report by the Chief Internal Auditor (08/296) outlining the proposed internal audit plan for 2008/2009 and internal audit priorities for the period up to 2013/2014.

Resolved:

- (i) The proposed internal audit plan for 2008/2009, as detailed in Report 08/296, be approved.
- (ii) The outline audit priorities for the six-year planning period up to 2013/2014, as detailed in Report 08/296, be noted.

M COCHLAN LEFT THE MEETING AT THIS POINT.

S STRATHEARN JOINED THE MEETING DURING CONSIDERATION OF THE FOLLOWING ITEM.

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6. EXTERNAL AUDIT REPORTS

(i) Audit Progress Report 2007/2008

There was submitted a report by the External Auditor (08/297) setting out the current position in relation to each output proposed in the operational plan for 2007/2008.

A Borrows, External Auditor, was present to speak to the report and to answer members' questions.

Resolved:

The content of External Audit report 08/297 be noted.

(ii) Priorities and Risks Framework

There was submitted a report by the External Auditor (08/298) summarising the findings of their review of the key issues relating to the local government Priorities and Risks Framework.

A Borrows, External Auditor, was present to speak to the report and to answer members' questions.

Resolved:

The content of External Auditor report 08/298 be noted.

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING
CONSIDERATION OF THE FOLLOWING ITEMS IN ORDER TO AVOID THE
DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF
SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT, 1973**

P1. INTERNAL AUDIT UPDATE

(i) Corporate Services

(a) 07/015 – Council Tax/Non-Domestic Rates

There was submitted a report by the Chief Internal Auditor (08/299) setting out the results of a review of the procedures in place for the valuation, liability determination and billing of Council Tax and Non-Domestic Rates.

L Brady was present to answer members' questions on the report.

Resolved:

The findings, recommendations and action plans, as detailed in Report 08/299, be noted.

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(b) 07/027(a) – Information Security

There was submitted a report by the Chief Internal Auditor (08/300) setting out the results of a review of the Council's information security practices in relation to the management of information and communication infrastructure.

Resolved:

The findings, recommendations and action plans, as detailed in Report 08/300, be noted.

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