

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 Thursday 11 May 2006 at 10.00am.

Present: Councillors Barrett, Ellis, Jack, Lennie and Mair

In Attendance: A Nairn, K Colville, K Woolard and M Kay, R Thomson, I Innes and E Sturgeon (until Item 4) (all Corporate Services); A Turnbull and C Archibald (both Education and Children's Services), M Cochlan (until Item 5) (Chief Executive's) and S Nicoll (until Item 4) (Environment Service).

Also Attending: R Browne (External Auditor).

Councillor Ellis, 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 30 March 2006 was submitted and approved and signed as a correct record.

3. PROPERTY SERVICE – REVIEW OF GOVERNANCE

There was submitted a report by the Chief Internal Auditor (06/342) presenting the results of a self-assessment relating to the governance of the Council's Property Service, carried out in response to the Sub-Committee's request at their last meeting for an interim review of the service following restructuring, pending a full audit being undertaken later in the year.

R Thomson, Head of Property, was present to answer members' questions on the report particularly in relation to changes of personnel including the new Business Manager post which would be responsible for a number of the actions detailed, the new structure and the formation of the Asset Management Planning Team.

Resolved:

- (i) The results of the self-assessment exercise carried out by the Head of Property Services and senior officers of Property Services, including the management actions planned for 2006/2007 be noted.
- (ii) The inclusion of the action plan within the Internal Audit follow-up process for future review of progress be approved.

4. INTERNAL AUDIT FOLLOW-UP WORK

There was submitted a report by the Chief Internal Auditor (06/337) presenting a summary of Internal Audit's Follow-up work.

I Innes was present to answer members' questions on outstanding action in relation to the grounds maintenance audit and confirmed that the necessary action had now been completed, but noted that certain audit recommendations may not be deemed to be high priority when set against delivery of service.

I INNES LEFT THE MEETING AT THIS POINT.

A Nairn was present to answer members' questions on outstanding actions in relation to the review of information security management and advised on the progress being made on the maintenance and reconciliation of the IS/T asset list.

E Sturgeon was present to answer members' questions on outstanding actions in relation to the Value Added Tax audit which has been unable to be completed due to restructuring within services.

S Nicoll was present to answer members' questions on outstanding actions in respect of Project Contract Monitoring and advised on progress being made.

S NICOLL LEFT THE MEETING AT THIS POINT.

R THOMSON LEFT THE MEETING AT THIS POINT.

A Turnbull was present to answer members' questions on outstanding actions in relation to the Residential Care for Looked After Children audit and the progress being made in putting in place a process of insurance cover.

K Woolard answered questions in relation to outstanding actions on the internal audit review and in particular capacity issues and the use of staffing resources. A Nairn reported on the staffing structure within internal audit.

Resolved:

- (i) The current position in respect of outstanding internal and external audit recommendations be noted.
- (ii) The deadline for outstanding actions to be completed in respect of the Information Security Management review be deferred to November 2006.
- (iii) The deadline for outstanding actions to be completed in respect of the Capital Project Contract Monitoring review be deferred to 31 July 2006.
- (iv) The deadline for outstanding actions to be completed in respect of the Value Added Tax review be deferred to September 2006.
- (v) The deadline for outstanding actions to be completed in respect of the Residential Care for Looked After Children review be deferred to the end of June 2006.
- (vi) The Depute Director (Corporate Services) convey to Executive Directors the Sub-Committee's concerns regarding delays in audit actions being completed as a result of restructuring.
- (vii) The Chief Internal Auditor discuss arrangements for consultation on Members' expenses revised guidelines with the Council Secretary and advise members of the Sub-Committee accordingly.

E STURGEON LEFT THE MEETING AT THIS POINT.

5. EXTERNAL AUDIT REPORTS

(a) Financial Strategy 2004/05

There was submitted a report by the External Auditor (06/338) presenting a review of the arrangements operated by the Council for determining financial strategy.

Resolved:

- (i) The contents of the External Auditor's report be noted.
- (ii) The action plan appended to Report 05/339 be implemented.
- (iii) The Head of Finance be invited to the next meeting of the Sub-Committee to answer members' questions on Perth and Kinross Council's approach to financial strategy.

M COCHLAN LEFT THE MEETING AT THIS POINT.

6. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (06/339) presenting a summary of Internal Audit's current work.

Resolved:

The position in respect of current Internal Audit work be noted.

(a) 05/017 – Fostering

There was submitted a report by the Chief Internal Auditor (06/340) setting out the results of the internal audit review of internal financial controls for payments made to foster carers.

A Turnbull was present to answer members' questions on the Report relating to timing of payments and arrangements for additional expenditure pressures such as mobile phones for children.

Resolved:

The findings, recommendations and action plan detailed in Report 06/340 be accepted.