

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 30 March 2006 at 10.00am.

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

In Attendance: D Henderson (until Item 4), K Donaldson (from Item 3(e) to Item 4), K Colville, K Woolard, and M Kay (all Corporate Services); C Archibald, A Watson and F Low (all Education and Children's Services) (until Item 3(g)); J Dean (until item 3(g)) and G Fraser (Housing and Community Care) and J Valentine (Planning and Transportation) (until Item P1(i)).

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 23 February 2006 was submitted and approved and signed as a correct record.

Resolved:

The Chief Internal Auditor be asked to confirm to the Audit Sub-Committee that action on item 3(v)(ii) has been completed.

3. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (06/237) presenting a summary of Internal Audit's current work.

Resolved:

- (i) The position in respect of current Internal Audit work be noted.
- (ii) The request to defer the audit of Property Management for one year be agreed, however an interim limited audit be carried out on the current position in Property Management.

(a) 05/016 – Criminal Justice

There was submitted a report by the Chief Internal Auditor (06/238) setting out the results of the internal audit review of the Criminal Justice Service in Perth and Kinross following a Social Work Services Inspection Report on the Criminal Justice Tayside Partnership.

Mr J Dean was present to answer members' questions on the Report.

The Committee were advised (1) that the Service had transferred from Education and Children's Services to Housing and Community Care as from 1 January 2006 and (2) that the Criminal Justice Partnership would be dissolved on 31 March 2006 and replaced by the new Community Justice Authorities and (3) progress was being made with the action plan to address issues raised. Questions were answered on improvements to use of the SWIFT system, flexibility of partnership funding, the development of peer group review, the implementation of a quality review process, continuous professional development and training.

Resolved:

- (i) The findings, recommendations and Action Plans detailed in Report 06/238 be accepted
- (ii) A copy of any report which refers to other authorities to be submitted to the Audit Sub-Committee be passed to the relevant authority.

- (iii) Internal Audit be kept informed of progress made in resolving actions on findings 7 and 8.

Note: The Committee agreed that the following five items be considered together in view of the common findings in relation to non-compliance with agreed financial procedures.

A Taylor, A Watson and F Low were present to answer members' questions on the five reports.

(b) 05/025(a) – Devolved School Management – Auchterarder Community School

There was submitted a report by the Chief Internal Auditor (06/227) setting out the results of the internal audit review of internal financial controls for both devolved school management and school administration at Auchterarder Community School.

Resolved:

The findings, recommendations and Action Plans detailed in Report 06/227 be accepted.

(c) 05/025(b) – Devolved School Management – Balhousie Primary School

There was submitted a report by the Chief Internal Auditor (06/228) setting out the results of the internal audit review of internal financial controls for both devolved school management and school administration at Balhousie Primary School.

Resolved:

The findings, recommendations and Action Plans detailed in Report 06/228 be accepted.

(d) 05/025(c) – Devolved School Management – Moncreiffe Primary School

There was submitted a report by the Chief Internal Auditor (06/229) setting out the results of the internal audit review of internal financial controls for both devolved school management and school administration at Moncreiffe Primary School.

Resolved:

The findings, recommendations and Action Plans detailed in Report 06/229 be accepted.

K DONALDSON ENTERED THE MEETING AT THIS POINT.

(e) 05/025(d) – Devolved School Management – Viewlands Primary School

There was submitted a report by the Chief Internal Auditor (06/230) setting out the results of the internal audit review of internal financial controls for both devolved school management and school administration at Viewlands Primary School.

Resolved:

The findings, recommendations and Action Plans detailed in Report 06/230 be accepted.

(f) 05/025(e) – Devolved School Management – Central Financial Support

There was submitted a report by the Chief Internal Auditor (06/231) setting out the results of the internal audit review of internal financial controls for the central financial support function in Education and Children's Services.

Resolved:

- (i) The findings, recommendations and Action Plans detailed in Report 06/231 be accepted.
- (ii) Education and Children's Services provide information to the Audit Sub-Committee on which school staff had received training on financial controls.
- (iii) The Chief Internal Auditor be asked to revisit finding 2 in respect of procedures for facilities assistants covering the role in collection of monies.

(g) 05/027 – External Funding/Grants

There was submitted a report by the Chief Internal Auditor (06/232) examining the internal financial procedures in place for the purpose of securing external funding.

Resolved:

- (i) The findings, recommendations and Action Plans detailed in Report 06/232 be accepted.
- (ii) The importance of complying with conditions of funding be stressed to Environment Services.
- (iii) The Chief Internal Auditor be given sight of the database being created.

COUNCILLOR BARRETT AND A WATSON LEFT THE MEETING AT THIS POINT.

4. INTERNAL AUDIT FOLLOW-UP WORK

There was submitted a report by the Chief Internal Auditor (06/236) presenting a summary of Internal Audit's Follow-up work.

D Henderson was present to answer members' questions on the outstanding actions in respect of the review of information security management.

K Donaldson was present to answer members' questions on outstanding actions in respect of Corporate Governance relating to roles and responsibilities of senior officers being contained within individual job descriptions.

G Fraser was present to answer members' questions on outstanding actions in relation to the Housing Revenue Account/Housing Rents Audit.

J Dean was present to answer members' questions on outstanding actions in relation to the Direct Payments Audit.

J Valentine was present to answer members' questions on the Asset Management Planning Audit, in particular on the achievability of target dates.

Resolved:

- (i) The current position in respect of outstanding internal and external audit recommendations be noted.
- (ii) The Chief Executive be asked to look at the possibility of additional resources for IST to ensure work can be carried out on information security.
- (iii) Updated information on the VAT audit be circulated to members of the Audit Sub-Committee.
- (iv) Target dates in respect of Asset Management Planning be reviewed as the original dates selected were unrealistic.
- (v) The Executive Director (Corporate Services) be asked to review the resourcing of Asset Management Planning.
- (vi) The Sub-Committee's concerns expressed on the extended timescales and deadlines be related to Chief Officers.
- (vii) Appropriate officers be requested to attend future meetings of the Audit Sub-Committee where no agreement had been reached between the Chief Internal Auditor and the Service.

C ARCHIBALD, J DEAN, K DONALDSON, D HENDERSON AND F LOW LEFT THE MEETING AT THIS POINT.

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 REPORTS

(a) 05/020(a) – Cash Collection – Pullar House Cash Office and Area Housing Offices

There was submitted a report by the Chief Internal Auditor (06/233) setting out the results of the internal audit review of controls in place for cash collection within Pullar House cash office and area housing offices.

G Fraser was present to answer members' questions on the report.

Resolved:

- (i) To accept the findings, recommendations and Action Plans detailed in Report 06/233.
- (ii) The Executive Director (Housing and Community Care) be requested to ensure that training to address cash handling across Council offices was delivered.

J VALENTINE LEFT THE MEETING AT THIS POINT.

(b) 05/020(b) – Cash Collection –Perth Registrars Office

There was submitted a report by the Chief Internal Auditor (06/234) setting out the results of the internal audit review of controls in place for cash collection within Perth Registrars Office.

Resolved:

To accept the findings, recommendations and Action Plans detailed in Report 06/234.

(c) 05/020(c) – Cash Collection – Environment Services

There was submitted a report by the Chief Internal Auditor (06/235) setting out the results of the internal audit review of controls in place for cash collection.

Resolved:

To accept the findings, recommendations and Action Plans detailed in Report 06/235.

P2. APPOINTMENT OF EXTERNAL MEMBER

The Chief Internal Auditor reported on expressions of interest received by the closing date from individuals interested in the position of external member of Audit Sub-Committee.

Resolved:

All four who had expressed an interest be invited to an interview with two/three members of the Sub-Committee.