

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 Monday 18 December 2006 at 10.00am.

Present: Councillors Barrett, Ellis, Mair, Lennie and Mr J Howie.

In Attendance: K Woolard, D Farquhar, G Taylor, J Low, K Colville and M Kay (all Corporate Services); J Walker (Environment); S Nisbet (Housing & Community Care); T Yule and C Nimmo (Chief Executive's)

Also Attending: R Browne (Audit Scotland)

Apologies: Councillor Jack

Councillor Ellis, Convener, Presiding

1. DECLARATIONS OF INTEREST

Councillor Ellis declared an interest in Item 5(g) as a Director of the Company in terms of the Councillors' Code of Conduct.

2. MINUTE OF PREVIOUS MEETING

The Minute of Meeting of the Audit Sub-Committee of 8 November 2006 was submitted, approved and signed as a correct record.

3. ABSTRACT OF ACCOUNTS & EXTERNAL AUDITOR'S FINAL REPORT 2005/06

There was submitted a report by the Executive Director (Corporate Services) (06/783) accompanying the Council's audited Abstract of Accounts for the financial year 2005/2006 and the External Auditor's Report to members for that year.

R Browne, Audit Scotland was present to speak to the Report and confirmed that the Council had displayed sound corporate governance and internal controls. She highlighted that the appointment of an External Member showed good practice and referred to recommended action in relation to identifying Common Good property.

Councillor Ellis noted that this was the last meeting to be attended by Audit Scotland and thanked them for their advice over the previous five years.

J Walker, Head of Transport and Support Services, answered Members' Questions relating to policy led budgets and early retirements.

Resolved:

The contents of Report 06/783 be accepted.

4. INTERNAL AUDIT FOLLOW-UP WORK

There was submitted a report by the Chief Internal Auditor (06/893) presenting a summary of Internal Audit's Follow-up work.

S Nisbet, Housing and Community Care was present to answer questions on the outstanding action in relation to Internal Audit reports 04/012 and 05/024.

Mr G Taylor, Corporate Services was present to answer questions on outstanding action in relation to the Asset Management Planning Audit and provide an update on the current position. He advised that the Executive Officer Team had not agreed the proposals submitted and a further report was to be submitted in February 2007 to agree resourcing of the Asset Management Planning process and reporting lines.

In response to a question from Mr Howie, T Yule explained the Council's process for appointment of consultants.

Resolved:

- (i) The current position in respect of outstanding internal and external audit recommendations be noted.
- (ii) A revised date of February 2007 for outstanding actions in relation to Audit 04/012 be agreed.
- (iii) The revised date of March 2007 for outstanding action in relation to Audit 06/006 be noted.

5. INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (06/894) presenting a summary of Internal Audit's current work.

Resolved:

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

(a) 06/009 – Fuel

There was submitted a report by the Chief Internal Auditor (06/895) setting out the results of the internal audit review of internal controls in relation to the Council's arrangements for obtaining and usage of fuel.

J Walker, Head of Transport & Support Services was present to answer members' questions on the report in relation to purchasing fuel through the government catalogue and system problems with software for fuel usage.

Resolved:

The findings, recommendations and action plan detailed in Report 06/895 be noted.

(b) 06/028 – Controlled Stationery

There was submitted a report by the Chief Internal Auditor (06/896) setting out the results of the internal audit review of internal controls in relation to the use of controlled stationery.

J Walker, Head of Transport and Support Services was present to answer members' questions on the report in relation to the work being carried out through the modernising and efficient government agenda to develop a single automated system for purchase orders.

Resolved:

The findings, recommendations and action plan detailed in Report 06/896 be noted.

(c) 06/036(a) – Employee Expenses – Corporate Services

There was submitted a report by the Chief Internal Auditor (06/897) setting out the results of the internal audit review of procedures in place for the processing and payment of employee expenses in Corporate Services.

Resolved:

The findings, recommendations and action plan detailed in Report 06/897 be noted.

(d) 06/036(b) – Employee Expenses – The Environment Services

There was submitted a report by the Chief Internal Auditor (06/898) setting out the results of the internal audit review of procedures in place for the processing and payment of employee expenses in The Environment Service.

Resolved:

The findings, recommendations and action plan detailed in Report 06/898 be noted.

(e) 06/036(c) – Employee Expenses – Housing & Community Care

There was submitted a report by the Chief Internal Auditor (06/899) setting out the results of the internal audit review of procedures in place for the processing and payment of employee expenses in Housing & Community Care.

Resolved:

The findings, recommendations and action plan detailed in Report 06/899 be noted.

(f) 06/036(d) – Employee Expenses – Education & Children’s Services

There was submitted a report by the Chief Internal Auditor (06/900) setting out the results of the internal audit review of procedures in place for the processing and payment of employee expenses in Education & Children’s Services

Resolved:

The findings, recommendations and action plan detailed in Report 06/900 be noted.

COUNCILLOR ELLIS HAVING DECLARED AN INTEREST IN THE FOLLOWING ITEM, IN TERMS OF STANDING ORDER 6, WITHDREW FROM THE MEETING AND LEFT THE CHAMBERS.

COUNCILLOR BARRETT TOOK THE CHAIR.

(g) 06/038 – Procurement of Leisure Services

There was submitted a report by the Chief Internal Auditor (06/901) setting out the results of the internal audit review of Education & Children’s Services operation of the Service Level Agreement with Perth and Kinross Leisure.

T Yule, Head of Business Change & Improvement advised that under Following the Public Pound a standardised Service Level Agreement was being developed which would be reviewed on an annual basis.

Resolved:

- (i) The findings, recommendations and action plan details in Report 06/901 be noted.
- (ii) A representative from the Head of Finance attend the next meeting to provide assurances to the Sub-Committee on arrangements for payments made to External Bodies.