

**MINUTES of MEETING of the MIDLOTHIAN COUNCIL AUDIT COMMITTEE** held in the Council Chambers, Midlothian House, Buccleuch Street, Dalkeith on Tuesday, 3 February 2015 at 11.00 am.

**Present:** - Councillors Baxter, Bryant, Muirhead, Thompson and de Vink.

**Apologies for Absence:-** Mr Smaill (Independent Chair): Councillor Milligan.

**1 Chair**

In the absence of Mr Smaill, Councillor Thompson was appointed to the Chair.

**2 Declarations of Interest**

There were no declarations of interest.

**3 Minutes**

The Minutes of Meeting of 9 December 2014 were submitted and approved.

Arising from consideration of the foregoing minutes, the Committee noted that a transcript of the debate in relation to Newbyres Crescent, Gorebridge on 28 October 2014 had been provided to Elected Members.

**4 External Auditors**

The Committee noted that Mr Gary Devlin had now left Grant Thornton and had been replaced by Mr. Paul Dawson, who was in attendance.

**Decision**

- (a) To welcome Mr Dawson; and
- (b) To convey to Mr Devlin the Committee's best wishes for the future and to thank him for his assistance and guidance during his tenure of office.

(Action: Head of Finance and Integrated Service Support)

**5 Health and Social Care Integration**

There was submitted report, dated 9 January 2015, by the Integration Manager, appraising the Committee of the new arrangements for the delivery of health and care services arising from the Public Bodies (Joint Working) (Scotland) Act 2014 and the effect this would have on audit arrangements. The report explained that a draft Integration Scheme had been approved by both the Council and NHS Lothian in December 2014 and was now the subject of public consultation until 17 February 2015. A finalised scheme required to be submitted to the Scottish Government by 31 March 2015.

The draft Integration Scheme recognised that in establishing the Integration Joint Board it would be necessary to ensure the provision of “adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources”. This could result in the Integration Joint Board (IJB) establishing an Audit and Risk Committee. It was not intended however that the IJB have its own Internal Audit function, but rather the services required by the IJB be provided from the existing NHS and Council audit teams, reflecting the partnership approach and the approach adopted for other support services to the IJB. This aspect of the integration process would be the subject of a further report in due course.

The report was supplemented by a presentation from the Integration Manager, which provided detailed information in respect of the provisions of the Act; National Health and Wellbeing Outcomes ; Integration Planning Principles; the processes followed in establishing the Integration Joint Board; and details of the Midlothian Integration Scheme.

### **Decision**

- (a) To note the forthcoming establishment of a Health and Social Care Partnership;
- (b) To note that a further report would be provided outlining the progress being made by the IJB in relation to its audit arrangements and any implications arising therefrom for Midlothian Council;
- (c) To note that the Integration Board consisted of four voting members from Midlothian Council and four from NHS Lothian;
- (d) To note that charging for services remained the responsibility of the respective partners, with the IJB having an operational oversight of service provision.

(Action: (b) Integration Manager/Internal Audit Manager)).

## **6 Risk Management, Update for 1 October 2014 – 31 December 2014**

There was submitted report, dated 22 January 2015, by the Risk, Safety and Civil Contingencies Manager, providing the Committee with the 2014/15 Quarter 3 (1 October 2014 to 31 December 2014) Risk Management update, which had been reviewed by Service Managers and Heads of Service.

### **Decision**

- (a) To note that in respect of Council Tax and Rent collection performance had improved by 0.5% and 0.2% respectively in comparison with the same period in 2013/14; and
- (b) To otherwise note the report.

## **7 National Fraud Initiative - Update**

With reference to paragraph 6 of the Minutes of 17 June 2014, there was submitted report, dated 21 January 2015, by the Operational Support Manager providing the Committee with an update on the outcomes of the National Fraud Initiative (NFI) for 2012/13; an update on the Council Tax and Electoral Roll matches, with the option for additional “pre Referendum” Electoral Roll matches; and information relating to NFI planning/resourcing for the 2014/15 exercise. The report also incorporated statistical information on 2012/13 outcomes; Electoral Roll and Council Tax matches; and information relating to overpayments identified and the actions being taken to secure recovery.

### **Decision**

To note the report.

## **8 Midlothian Council Annual Audit Report to Members and the Accounts Commission for Scotland 2013-14**

With reference to paragraph 7 of the Minutes of the Council of 16 December 2014, there was submitted report, dated November 2014, by the External Auditor (Grant Thornton UK), summarising the findings of their audit work for the year ended 31 March 2014 and which incorporated a best value follow up against those areas where further scrutiny was identified in the Assurance and Improvement Plan, published in May 2014. The report included an action plan covering the key recommendations to support the Council in meeting future challenges, which had been approved and adopted by the Council.

### **Decision**

To note the report and approve the Action Plan for its interest.

## **9 Audit Committee Update**

There was submitted report, dated January 2015, by the External Auditor (Grant Thornton UK), providing the Committee with information on progress in delivering their responsibilities as External Auditors. The report also included a summary of emerging national issues and key accounting and auditing developments that were relevant to the Committee. The report provided detailed information in relation to developing the Audit Plan; Audit Scotland reports from May to December 2014; Grant Thornton research and publications from May to December 2014.

### **Decision**

To note the report.

## **10 Treasury Management Strategy**

There was submitted report, dated 27 January 2015, by the Director, Resources, bringing to the Committee's attention, a draft report by the Head of Finance and Integrated Service Support, in respect of the Treasury Management Strategy for 2015/16. The draft report was scheduled to be considered by the Council at its meeting on 17 February 2015 and had been submitted to allow the Committee to scrutinise and comment on the terms of the report prior to consideration by the Council.

### **Decision**

To note the report.

## **11 Financial Monitoring 2014/15**

With reference to paragraphs 20,21 and 22 of the Minutes of the Council of 16 December 2014, there was submitted report, dated 27 January 2015, by the Director, Resources, bringing to the Committee's attention, reports by the Head of Finance and Integrated Service Support, in relation to Financial Monitoring for 2014/15.

The reports specifically related to Financial Monitoring 2014/15 – General Fund Revenue; Housing Revenue Account - Revenue Budget and Capital Plan 2014/15; and the General Services Capital Plan.

### **Decision**

To note the report.

## **12 Exclusion of Members of the Public**

In view of the nature of the business to be transacted, the Committee agreed that the public be excluded from the meeting during discussion of the undernoted item, as contained in the Addendum hereto, as there might be disclosed information as defined in paragraph 14 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

Internal Audit Report - Vogrie Country Park - Alleged Internal Control Weaknesses - (a) To note that a number of weaknesses had been identified and to approve a management action plan to address these issues; and (b) to note that there was no evidence of wrongdoing or malpractice on the part of employees;

Integrity Group – To note the intention to establish an Integrity Group to review any potential vulnerability within the Council to organised crime.

The meeting terminated at 12.35 pm.