

Minute of Meeting



Audit Committee

Date	Time	Venue
Tuesday 14 March 2022	14.00 pm	Virtual Meeting by MS Teams

Present:

Mike Ramsay (Independent Chair)
Councillor Cassidy
Councillor Hardie
Councillor Milligan
Councillor Muirhead
Councillor Parry
Councillor Small
Peter de Vink (Independent Member)

In Attendance:

Councillor Alexander	
Grace Vickers	Chief Executive
Kevin Anderson	Executive Director Place
Morag Barrow	Joint Director Health and Social Care
Fiona Robertson	Executive Director Children, Young People and Partnerships
Alan Turpie	Legal Services Manager
Derek Oliver	Chief Officer Place
Jill Stacey	Chief Internal Auditor
Myra Forsyth	Continuous Improvement Officer
Saty Kaur	Executive Business Manager
Stephen Reid	External Auditor, E.Y.
Grace Scanlin	External Auditor, E.Y.
Janet Ritchie	Democratic Services Officer

1. Welcome and Apologies for Absence

The Chair, Mike Ramsay welcomed everyone to the meeting. Apologies for absence were intimated on behalf of Gary Fairley, Chief Officer Corporate Solutions.

2. Order of Business

It was noted the order of business was amended with Item 5.4 External Audit Annual Plan 2021/22 taken as the first item under Public Reports and Item 5.1 Internal Audit Work to February 2022 was taken after item 5.5 on the Agenda.

3. Declarations of interest

No declarations of interest were intimated at this stage of the proceedings.

4. Minutes of Previous Meetings

- 4.1 The minutes of the meeting of 25 January 2022 were submitted and approved as a correct record having been proposed by Councillor Muirhead seconded by Councillor Cassidy.

Matters Arising: It was noted that Jill Stacey, Chief Internal Auditor's contract had been extended to the first quarter of the next financial year and the Chair highlighted that he was not aware of this post being advertised. The Chief Executive confirmed that the advert had just been finalised and would be going live. The Chief Internal Auditor also assured the Committee that arrangements were in place so the level of expertise would still be at the Committee's disposal. Following a comment from Mr de Vink the Chief Executive confirmed that a paper had been presented to the last Audit Committee advising of the way forward for 2022/23 and that they had taken into account the Chief Internal Auditor's workload in a sustainable way.

- 4.2 The Action log was submitted and the actions points to be actioned by today was discussed and the following agreed:

1. Risk Management Strategy - on today's Agenda – close off.
2. Property Maintenance - Kevin Anderson provided an update on the advising that this would be discussed at the next BTSG and then forwarded on to Audit Committee. Agreed that this would change to May/June.

Councillor Smail raised further comments with regards to shared services and the Chief Executive highlighted the success with Mid and East public protection committee and also advised on the issues with regards to Audit shared services. The Chief Executive also assured the Committee that the Council were still committed to pursuing shared services.

5. Public Reports

Report No.	Report Title	Presented by:
5.4	External Audit Annual Plan 2021/22	EY, External Auditors
Outline of report and summary of discussion		
<p>Mr Reid expressed his thanks for re-ordering the Agenda to accommodate him and confirmed that Grace Scanlin would be in attendance throughout the meeting.</p> <p>Mr Reid advised the Committee that this Annual Audit Plan prepared for the benefit of Council management and the Audit Committee, sets out our proposed audit approach for the audit for the year 2021/22, the sixth and final year of their appointment. Mr Reid explained that the planning work remains ongoing but that they had sufficient knowledge and had carried out sufficient work to allow them to present this plan, he also advised that if there were any material changes to the plan this would be reported as in previous years to this Committee. Mr Reid then advised that their obligations remained the same which was to provide an opinion on the truth and fairness of the financial statements and to consider the wider scope aspects of the public audit in line with code of audit practice. Mr Reid continued to provide an outline of the details contained within his report with regards to the financial statements and their key areas of focus.</p> <p>Following his presentation of the External Audit Annual Plan 2021/22 Mr Reid responded to questions and comments raised by members of the Committee.</p>		
Decision		
The Committee noted the contents of the report.		

Report No.	Report Title	Presented by:
5.2	Risk Management Q3 Update 2021/22	Chief Officer Place
Outline of report and summary of discussion		
<p>The purpose of this report was to provide the Audit Committee with an update on the risk responses Midlothian Council has implemented during Quarter 3 2021/22 to respond to the current risk climate; and to provide assurance that Midlothian Council took a proportionate and planned approach to prepare and respond to each of the identified risks.</p> <p>The Risk Manager highlighted the main sections contained within the report.</p>		
Decision		
The Audit Committee noted the current risk landscape and organisational response to the most significant risks in Quarter 3 2021/22.		

Report No.	Report Title	Presented by:
5.3	Audit Committee Annual, End of Term Report 2021-22	Chair of Audit Committee
Outline of presentation and summary of discussion		
<p>The purpose of this report was to provide Members with the Audit Committee Annual / End of Term Report 2021/22, which sets out how the Audit Committee has performed against its remit and the effectiveness of the Audit Committee in meeting its purpose based on the annual self-assessments of the Committee against best practice, and provides assurances to the Council. It is important that the Council's Audit Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance of the Council.</p> <p>Mr Ramsay highlighted the main sections contained within the report and outlined the appendices attached. He further advised that at the end of the report there was a recommendation for the new Council to consider the membership requirements to achieve proper scrutiny and to mitigate any risk there might be.</p>		
Decision		
The Audit Committee approved the Audit Committee Annual / End of Term Report 2021/22 (Appendix 1) and its self-assessments using the CIPFA Audit Committees Guidance (Appendices 2 and 3), and agreed that the Audit Committee Annual / End of Term Report 2021/22 would be presented to Council.		
Action		
Democratic Services		

Report No.	Report Title	Presented by:
5.5	Risk Management Policy and Strategy	Chief Officer Place
Outline of presentation and summary of discussion		
<p>The Report advises that Midlothian Council understands that it is important to recognise and manage the many risks which are inherent in its activities, and in the services which it provides for the benefit of the community. The Council has therefore adopted this policy on risk management, has established the attached Risk Management Strategy and has implemented procedures in support of the policy and strategy.</p> <p>Mr Oliver in presenting the Risk Management Strategy apologised that a cover report was not presented with this document. He then provided a brief update on the key points contained within the Risk Management Strategy and presented this to the Audit Committee for approval.</p> <p>Thereafter Mr Oliver responded to questions and comments from the Committee confirming the governance structure as detailed within the Strategy and further advised that if anything escalated during the quarterly cycle the risk and resilience group would be convened as required.</p>		
Decision		
The Audit Committee approved the Risk Management and Policy Strategy and noted that it would be reviewed in 2 years.		

Report No.	Report Title	Presented by:
5.1	Internal Audit Work to February 2022	Chief Internal Auditor
Outline of report and summary of discussion		
<p>The purpose of this report was to provide members of the Audit Committee with details of the recent work carried out by Internal Audit and the findings and recommended audit actions agreed by Management to improve internal controls and governance arrangements</p> <p>Jill Stacey presented this report updating the Committee on some of the challenges and provided the key highlights of the work in progress.</p> <p>Following the presentation and comments from Officers the Chair commented on how well the Council had performed during the pandemic and that he wished to pass on the Committees' appreciation to the teams who had continued to deliver services during this time.</p>		
Decision		
<p>The Audit Committee:</p> <ul style="list-style-type: none"> a) Considered the Executive Summaries of the final Internal Audit assurance reports issued; b) Noted the Internal Audit Assurance Work in Progress and Internal Audit and Other Work carried out; c) Acknowledged the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work. 		

Report No.	Report Title	Submitted by:
5.6	Counter Fraud Annual Plan 2022/23	Chief Internal Auditor
Outline of report and summary of discussion		
<p>The purpose of this report was to gain approval from the Audit Committee for the proposed Counter Fraud Annual Plan 2022/23 to support the delivery of the Council's Counter Fraud Strategy and to demonstrate compliance with the Council's Counter Fraud Policy Statement.</p> <p>Jill Stacey provided a brief outline of the planned counter fraud activity for the coming year to support the change in approach and culture for the Council for tackling fraud and corruption.</p>		
Decision		
<p>The Audit Committee approved the Counter Fraud Annual Plan 2022/23 (Appendix 1).</p>		

Report No.	Report Title	Submitted by:
5.7	Internal Audit Charter	Chief Internal Auditor
Outline of report and summary of discussion		
<p>This report provides the Audit Committee with the updated Internal Audit Charter for approval that defines the terms of reference for the Internal Audit function to carry out its role to enable the Chief Audit Executive to prepare annual Internal Audit opinions on the adequacy of the overall control environment for Midlothian Council, and for Midlothian Health and Social Care Integration Joint Board.</p> <p>Jill Stacey advised on the importance of this document which sets out the requirements of the Internal Audit standards and the annual review of the Internal Audit Charter and highlighted that the cover report outlines some of the changes within the Internal Audit Charter.</p>		
Decision		
<p>The Audit Committee:</p> <ul style="list-style-type: none"> (a) Noted the changes to the Internal Audit Charter outlined in section 4 of this report in conformance with PSIAS; (b) Approved the revised Internal Audit Charter shown at Appendix 1; and (c) Noted that the Internal Audit Charter will be reviewed annually. 		

Report No.	Report Title	Submitted by:
5.8	Internal Audit Strategy and Annual Plan 2022/23	Chief Internal Auditor
Outline of report and summary of discussion		
<p>The purpose of this report was to gain approval from the Audit Committee to the proposed Internal Audit Strategy and Annual Plan 2022/23 to enable the Chief Internal Auditor to prepare annual opinions on the adequacy of the overall control environment for Midlothian Council, and Midlothian Health and Social Care Integration Joint Board (MIJB).</p> <p>The Internal Audit Strategy at Appendix 1 outlines the strategic direction for how Internal Audit will achieve its objectives, which are set out in the Internal Audit Charter, in conformance with PSIAS. It guides the Internal Audit function in delivering high quality internal audit services to Midlothian Council and the MIJB.</p> <p>The Internal Audit Annual Plan 2022/23 at Appendix 2 has been developed by the shared Chief Internal Auditor and the Principal Internal Auditor. It sets out the proposed range and breadth of audit activity and sufficient work within the audit programme of work to enable the Chief Internal Auditor to prepare the independent and objective audit opinions for Midlothian Council and MIJB. A separate Internal Audit Annual Plan 2022/23 for the MIJB will be presented to its Audit and Risk Committee. Key components of the audit planning process include a clear</p>		

understanding of each organisation's functions, associated risks, and assurance framework.

Jill Stacey presented this report highlighting the main sections contained within the report and appendices.

Decision

The Audit Committee:

- (a) Noted the changes to the Internal Audit Strategy outlined in section 4 of this report;
- (b) Noted the outline of the Internal Audit planning process outlined in section 5 of this report;
- (c) Approved the Internal Audit Strategy (Appendix 1); and
- (d) Approved the Internal Audit Annual Plan 2022/23 (Appendix 2).

6. Private Reports

No private reports were submitted.

7. Date of Next Meeting

To be confirmed.

The Chair echoed what a number of Members had expressed at the beginning of the meeting in that the Audit Committee were very appreciative of all the work Jill Stacey had done to support the Audit Committee over the last 5 years and she would be missed. He then personally thanked her for the assistance she had provided to him during this time and also expressed thanks on behalf of the Audit Committee for all her support and wished her well in the future.

Jill Stacey highlighted while the formal shared services arrangements will cease she advised that there is a wider Audit family and she will continue to assist the Internal Audit Team informally behind the scenes where required.

The Chair closed the meeting and thanked all the Members and Officers for their involvement and wished everyone the very best for the future.

The meeting terminated at 15.43 pm