

Minute of Meeting



Audit Committee

Date	Time	Venue
Tuesday 24 June 2019	11.00 am	Council Chambers, Midlothian House, Dalkeith, EH22 1DN

Present:

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

In attendance:

Grace Vickers	Chief Executive
Mary Smith	Director Education, Communities and Economy
Kevin Anderson	Acting Director Resources
Alison White	Head of Adult Health and Social Care
Gary Fairley	Head of Finance and Integrated Service Support
Alan Turpie	Legal Services Manager/Monitoring Officer
Grace Scanlin	External Auditor, Ernst and Young
Jill Stacey	Chief Internal Auditor
Elaine Greaves	Principal Auditor
Janet Ritchie	Democratic Services Officer

1. Welcome and Apologies

The Chair, Mike Ramsay welcomed everyone to the meeting, following which there was a round of introductions.

Apologies were received from Councillor Baird. It was noted that Councillor Cassidy was substituting for Councillor Baird.

2. Order of Business

The order of business was confirmed as outlined in the agenda.

3. Declarations of interest

No declarations of interest were received.

4. Minutes of Previous Meetings

4.1 The minute of the meeting of 28 May 2019 was submitted and approved as a correct record having been proposed by Councillor Hardie and seconded by Councillor Cassidy.

4.2 The Action log was submitted and the following agreed:

- 1) 'Annual Governance Statement 2017/18 (2018/19 Areas for Improvement)' - To note that the Annual Governance Statement 2018/19 was included with the Unaudited Accounts which is item 5.2 on this Agenda and this action is now complete.
- 2) 'Briefing – Informal Audit Committee Session' - To note this action is now complete.
- 3) 'Delivering Excellence – Governance Arrangements' – The Chief Internal Auditor advised that as yet there was no specific date attached to this action but the change in transformation governance arrangements would be covered in the programme of work as part of their Internal Audit Annual Plan and would be reported back to the Audit Committee in due course.
- 4) 'Risk Register – Lothian Buses Pension Fund – To note that a further report would be presented to the Audit Committee in September 2019.

The Director of Education, Communities and Economy raised an action with regards to Item 5.1 'Final Internal Audit Report Follow-up Review of Developer Contributions' and confirmed that a Training Session on Developer's Contributions for Members of the Planning Committee would be arranged after the summer recess.

5. Public Reports

Report No.	Report Title	Submitted by:
5.1	Annual Treasury Management Report 2018/19	Head of Finance and Integrated Service Support
Outline of report and summary of discussion		
<p>The purpose of this report was to inform Members of the Treasury Management activity undertaken in 2018/19 and the year-end position.</p> <p>The Head of Finance and Integrated Service Support advised the Committee that a training session with the external Treasury Advisors would be arranged for Members of the Audit Committee and all Elected Members on Treasury Management in the Autumn prior to the Audit meeting in January 2020.</p> <p>Thereafter he presented this report highlighting the main sections within the report and in response to a comment from the Chair confirmed that he would review the discrepancy in figures with regards to Appendix 2 to this report and the Unaudited Accounts and amend as appropriate.</p>		
Decision		
The Audit Committee noted the Treasury Management Annual Report for 2018/19 and recommended that the report is submitted to Council for approval.		
Action		
The Head of Finance and Integrated Service Support		

Report No.	Report Title	Submitted by:
5.2	Unaudited Financial Statements 2018/19	Head of Finance and Integrated Service Support
Outline of report and summary of discussion		
<p>The purpose of this report was to enable Audit Committee to consider and comment on the unaudited accounts for 2018/19. A separate presentation was provided to the committee prior to consideration of this report and the accounts.</p> <p>The Local Authority Accounts (Scotland) Regulations 2014 sets out the requirements in respect of preparation, submission and scrutiny of unaudited accounts and the requirements for the Audit Committee to consider the unaudited accounts by 31 August 2019.</p> <p>The External Auditors, EY will begin the substantive phase of the audit of the accounts during July with a clearance meeting to be arranged during late August 2019. The aim was to complete the audit and for EY to be provided with draft audited accounts by early September 2019. Thereafter the audited accounts are scheduled to be presented to Audit Committee on 24 September 2019 together with EY Annual Audit Report.</p> <p>The report outlines the requirements for completion, approval and signing of the accounts as set out in the Local Authority Accounts (Scotland) Regulations 2014.</p>		

The Head of Finance and Integrated Service Support presented this report to the Committee highlighting the main sections within the report and the requirements for the Audit Committee to consider the unaudited accounts by 31 August 2019. He expressed his thanks to the Finance team and colleagues across the Council in supporting the completion of these Accounts.

The Head of Finance and Integrated Service Support responded to questions and comments raised by Members of the committee which included a question raised by Councillor Smaill regarding the number of immaterial write offs approved by Cabinet during the year. Members the Cabinet also commented that they had also raised concerns regarding this and explained that Midlothian Council non-domestic rates were collected by Edinburgh Council and after meeting with them were confident that they had done all they could in pursuing it. Also raised by several members of the committee was the outturn underspend and some of internal and external influences which contributed to this.

The Chief Internal Auditor referred to item 1 of the action log and advised the Committee that the draft Annual Governance Statement previously had been a separate document but was now included as a section in the unaudited Accounts and highlighted the importance of this assurance document.

Thereafter the Chief Executive highlighted the main sections within the assurance statement and some of the significant changes which not only provided year end assurances but also provided detailed assurances throughout the year.

Decision

In accordance with The Local Authority Accounts (Scotland) Regulations 2014, set out in section 2 of the report, the Audit Committee considered and commented on the unaudited accounts for 2018/19.

Report No.	Report Title	Submitted by:
5.3	Audit Committee Annual Report 2018/19	Chair of Audit Committee

Outline of presentation and summary of discussion

The purpose of this report was to provide Members with the Audit Committee Annual Report 2018/19 and the annual self-assessments of the Committee against best practice.

The Independent Chair of the Audit Committee presented this report advising the committee that Appendix 1 was The Audit Committee Annual Report 2018/19 for consideration and was designed to provide assurance to full Council and to identify areas of improvement which were designed to enhance the Audit Committee's effectiveness as a scrutiny body.

He also advised that Appendix 2 and 3 were the outcomes of the self-assessments carried out with the Good Practice Principles Checklist and the Evaluation of Effectiveness toolkit.

The Chair then provided the Committee with a brief summary of the contents of the Audit Committee Annual Report 2018/19 highlighting some of the work carried out by the Audit Committee and the Committee's role in the scrutiny process of internal controls and governance. He also highlighted the Assurance Statement to the Council and the recommendation to Council to amend the Terms of Reference for the Audit Committee for the coming year.

Decision

The Audit Committee approved the Audit Committee Annual Report 2018/19 (Appendix 1) and its self-assessments using the CIPFA Audit Committees Guidance (Appendices 2 and 3), and agreed that the Audit Committee Annual Report 2018/19 should be presented to the Council.

Action

Chair/Chief Internal Auditor

Exclusion of Members of the Public

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

6. Private Reports

Report No.	Report Title	Submitted by:
6.1	Chief Executive's Update including Independent Consultant's Report	Chief Executive
Decision		
<p>The Audit Committee noted:</p> <ul style="list-style-type: none"> • The report provided by the Independent Consultant • The actions taken by the Council • The responsiveness and ongoing actions being taken forward by the Acting Director, Resources • The responsiveness and ongoing work being undertaken by Internal Audit as part of the annual Audit Plan • The Legal Services Manager would provide a report to the Audit Committee with regards to 'Where does a Councillor go if they lose faith in Senior Officers'. • That Members of the Committee would shred this confidential document immediately following the meeting. 		

7. Date of Next Meeting

The next meeting will be held on 24 September 2019 at 10 am

The meeting terminated at 12.30 pm