

Minute of Meeting



Audit Committee

Date	Time	Venue
Monday 12 October 2020	2.00 pm	Virtual Meeting by MS Teams

Present:

Mike Ramsay (Independent Chair)
Councillor Cassidy
Councillor Hardie
Councillor Milligan
Councillor Muirhead
Councillor Parry
Councillor Smaill

In attendance:

Grace Vickers	Chief Executive
Kevin Anderson	Executive Director Place
Fiona Robertson	Executive Director Children, Young People and Partnerships
Gary Fairley	Chief Officer Corporate Solutions
Jill Stacey	Chief Internal Auditor
Stephen Reid	External Auditor, E.Y.
Grace Scanlin	External Auditor, E.Y.
Chris Lawson	Service Manager, Waste, Risk and Resilience
William Venters	Depute Monitoring Officer
Lisa Young	Accountant
Mike Broadway	Democratic Services Officer

1. Welcome and Apology

The Chair, Mike Ramsay welcomed everyone to the meeting. An apology for absence was intimated on behalf of the Independent Member, Mr P de Vink.

2. Order of Business

It was noted the order of business was as per the agenda circulated.

3. Declarations of interest

No declarations of interest were received.

4. Minutes of Previous Meetings

- 4.1 The Minute of the meeting of 18 August 2020 was submitted and approved as a correct record having been proposed by Councillor Muirhead, seconded by Councillor Hardie.
- 4.2 The Action log was submitted and having received updates on various action points detailed therein, the Committee agreed as follows:-
- (i) 'Internal Audit Work': that in the absence of the Legal Manager the update on expired contracts be continued to the 8 December 2020 meeting.
 - (ii) 'Unaudited Accounts': that clarification on any outstanding matters could be either picked up as part of today's discussions or raised separately with Officers.

5. Public Reports

Report No.	Report Title	Presented by:
5.1	External Audit Annual Audit Report 2019 - 2020	External Auditors
Outline of report and summary of discussion		
<p>Stephen Reid and Grace Scanlin, on behalf of External Auditors, EY presented the draft Annual Audit Report to Members and the Controller of Audit for the Financial Year ended 31 March 2020.</p> <p>The report advised, inter alia, that the external auditors intended to issue an unqualified opinion on the financial statements for the financial year ended 31 March 2020. In addition, the report provided detailed information on: Financial management; Financial sustainability; Governance and Transparency; and Value for Money.</p> <p>Having heard from the External Auditors who responded to Members questions and comments, the Committee discussed a number of issues arising therefrom, in particular the full impact and financial flexibilities available likely to be made available to Councils as a result of the global Coronavirus pandemic; valuation of, and the</p>		

risks associated with, the Council's shareholding in Lothian Buses; valuation of the Millerhill recycling plant; and issues relating to procurement.

Members in welcoming the terms of the report, remarked on the benefits arising from the joint working which was evident across the Council, but emphasised the continuing need for the Council to build on and ensure that it sustain the undoubted progress which was being made.

After further discussion, the Independent Chair thanked Mr Reid and Ms Scanlin for their presentation and the work undertaken by EY on behalf of the Council.

Decision

The Audit Committee agreed –

- (a) To note and approve the Annual Audit Report;
- (b) To record the Committee's appreciation of the work undertaken by the Finance Team in assisting the External Auditors in the preparation of the report;
- (c) To record the Committee's thanks to EY

Action

EY

Report No.	Report Title	Presented by:
5.2	Financial Statements for the year ended 2019/2020	Chief Officer Corporate Solutions
Outline of report and summary of discussion		
<p>The purpose of this report dated 5 October 2020 was to present the Council's audited Financial Statements for 2019/2020 to the Committee and to provide a brief overview of the changes made during the audit process. The Council submitted its unaudited annual accounts to the external auditor by the required date of 30th June 2020 and they were examined in detail at a special Audit Committee on Monday 18 August 2020.</p> <p>Thereafter, having heard the Chief Executive and the Chief Officer Corporate Solutions who responded to Member's questions and comments, the Committee discussed the Council's Transformation programme, noting that governance for this lay with the BTSG and full Council, albeit the Committee would be sighted on it through the quarterly financial monitoring reports and other internal audit reports.</p>		
Decision		
<p>The Committee approved the 2019/2020 Accounts for signature having regard to the appointed Auditor's report for 2019/20.</p>		
Action		
<p>Chief Officer Corporate Solutions/Financial Services Manager</p>		

Report No.	Report Title	Presented by:
5.3	Internal Audit Work to August 2020	Chief Internal Auditor
Outline of report and summary of discussion		
<p>There was submitted a report, dated 3 September 2020, by the Chief Internal Auditor providing 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>The Chief Internal Auditor outlined the main sections contained within the report and responded to questions and comments raised by Members, in particular those relating to ICT, in view of the increased reliance on digital systems as a result of the Coronavirus pandemic, and also some of the accounting implications arising from the implementation of the new Leisure Management Booking System.</p>		
Decision		
<p>The Committee:-</p> <ul style="list-style-type: none"> (a) noted the three final assurance reports associated with the delivery of the approved Internal Audit Annual Plan 2019/20 that had been pending during the Covid-19 emergency response; (b) noted the Internal Audit Assurance Work in Progress and Internal Audit and Other Work 2020/21 carried out in accordance with the approved Internal Audit Charter; and (c) acknowledged the assurance provided on internal controls and governance arrangements in place for the areas covered by this Internal Audit work. 		
Action		
Chief Internal Auditor		

Report No.	Report Title	Presented by:
5.4	Internal Audit Follow-up of Completed Recommendations	Chief Internal Auditor
Outline of report and summary of discussion		
<p>The purpose of this report, dated 9 September 2020, by the Chief Internal Auditor was to provide an update to the Committee on the results of the Internal Audit Recommendation Follow-up Review which included a sample check on the adequacy of new internal controls for audit actions flagged as closed.</p> <p>The report explained that the objective of this follow-up audit was to review a sample of Internal Audit recommendations that had been signed off by Management as complete during the period 1 April 2019 and 31 March 2020 to assess the evidence that recommendations had been implemented satisfactorily and to ensure that the new controls had had the desired effect on improving internal control and governance, and reducing risk. Of the sample of 36 audit recommendations tested, 28 (78%) were found to have been completed satisfactorily, 7 (19%) were identified as partially satisfactory requiring further work and 1 (3%) was not completed. Follow-up discussions had been undertaken with</p>		

the action owners to highlight what was required to ensure the remaining elements of the audit actions were fully completed or a sustained control was established.

Decision

The Committee, having heard from the Chief Internal Auditor:-

- (a) noted the results of the spot check on Internal Audit recommendations marked as completed by management in the period April 2019 to March 2020 to improve internal controls and governance, and mitigate risks; and
- (b) were satisfied having considered the progress made that no further action was required, at this time.

Action

Chief Internal Auditor

Report No.	Report Title	Presented by:
5.5	Risk Management Update for 1 January to 30 June 2020	Service Manager, Waste, Risk and Resilience
Outline of report and summary of discussion		
<p>The Risk Manager presented a report dated 28 September 2020 providing the Audit Committee with the 2019/20 quarter 4 and 2020/21 quarter 1 strategic risk management update, covering the period 1 January 2020 to 30 June 2020. The Audit Committee had previously requested regular reports on the Council's Strategic Risks. The Strategic Risk Profile sought to provide a strategic look at the current issues and future risks and opportunities facing the Council.</p> <p>The Risk Manager highlighted the main sections contained within the report and thereafter responded to questions and comments raised by Members of the Committee.</p>		
Decision		
The Committee, having considered the current response to the issues, risks and opportunities, noted the quarter 4 2019/20 and quarter 1 2020/21 Strategic Risk Profile report.		
Action		
Service Manager, Waste, Risk and Resilience		

Report No.	Report Title	Presented by:
5.6	Audit Scotland Report "Local Government in Scotland: Overview 2020"	Chief Executive
Outline of report and summary of discussion		
The purpose of this report, dated 1 September 2020, by the Chief Executive was to provide a summary of the Audit Scotland report, "Local Government in Scotland:		

Overview 2020” and the Council’s position in relation to the recommendations contained therein.

The report explained that whilst the Audit Scotland report had been produced prior to the pandemic, it nonetheless contained important messages which should be helpful as part of the recovery out of the crisis which emphasised the essential importance of effective leadership, good governance and good financial management for all Councils.

Decision

The Committee, having heard from the Chief Executive and Chief Internal Auditor, noted the Audit Scotland report and the Council’s positions in relation to the report’s recommendations.

Action

Chief Executive

Report No.	Report Title	Presented by:
5.7	Audit Scotland Counter Fraud Reports	Chief Internal Auditor
Outline of report and summary of discussion		
The purpose of this report, dated 3 September 2020, was to draw to the Committee’s attention the recently published counter fraud reports by Audit Scotland and the management actions required in response for improvement and assurance purposes.		
Decision		
The Committee, having heard from the Chief Internal Auditor, (a) acknowledged the Audit Scotland counter fraud reports published in recent months; (b) requested the Integrity Group of officers consider all 3 reports as part of their counter fraud role and responsibilities; and (c) requested the Integrity Group carry out an assessment of counter fraud controls associated with the Covid-19-emerging-fraud-risks and report back to the Committee on findings and necessary actions.		
Action		
Chief Internal Auditor		

6. Private Reports

No private reports were submitted.

7. Date of Next Meeting

The next meeting will be held on Tuesday 8 December 2020 at 11 am

The meeting terminated at 3.53 pm