

# Minute of Meeting

Audit Committee  
Tuesday 19 June 2018  
Item No: 4.1



## Audit Committee

Date	Time	Venue
Tuesday 1 May 2018	11.00 am	Council Chambers, Midlothian House, Dalkeith, EH22 1DN

### Present:

Mike Ramsay (Chair)
Councillor Hardie
Councillor Muirhead
Councillor Small
Peter de Vink (Independent Member)
Councillor Baird

### In attendance:

Kenneth Lawrie	Chief Executive
John Blair	Director Resources
Mary Smith	Director of Education, Communities and Economy
Gary Fairley	Head of Finance and Integrated Service Support
Ian Johnson	Head of Communities and Economy.
Stephen Reid	Ernst and Young, External Auditors
Sarah Croft	Ernst and Young, External Auditors
Jill Stacey	Chief Internal Auditor
Elaine Greaves	Principal Auditor
James Polanski	Internal Auditor
Amber Ahmed	Internal Auditor
Janet Ritchie	Democratic Services Officer

## 1. Welcome and Apologies

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Apologies were received from Councillor Milligan.

## 2. Order of Business

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The order of business was as set on the Agenda.

Peter de Vink advised the committee that unfortunately he would be unable to attend the Self-Assessment session due to another commitment and raised concerns that no financial papers were on this Agenda in particular the significant fraud investigation and the Budget Book which had been previously circulated to Members of the Audit Committee. The Chief Executive confirmed that a special meeting of the Audit Committee would be arranged to consider the matter of the fraud investigation. It was also confirmed that at the Self-Assessment session a discussion would take place around the financial information that the Audit Committee requires and the frequency of these reports.

## 3. Declarations of interest

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No declarations of interest were received.

## 4. Minutes of Previous Meetings

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With regards to the minute of 12 December 2017 and the outstanding Item 5.8, Internal Audit Recommendations Progress Report. The Director of Education, Communities and Economy confirmed that they had the responsibility for the Controls operating over Pre-school Provision Partnership Providers and with regards to the two items outstanding, one is being developed at the moment and the other is already being undertaken by staff so is now closed off.

Thereafter minutes of the meeting of 12 December 2017 were approved as a correct record having been proposed by Councillor Hardie and seconded by Councillor Muirhead.

## 5. Public Reports

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Report No.	Report Title	Submitted by:
5.1	Audit Scotland Report: Local Government in Scotland: Challenges and Performance 2018	Chief Executive
<b>Outline of report and summary of discussion</b>		
There was a report submitted to the Audit Committee by the Chief Executive providing the Audit Committee with a summary of the Audit Scotland report, 'Local Government in Scotland: Challenges and performance 2018' and the Council's position in relation to the report's findings. The Chief Executive presented the report to the Committee highlighting the main sections from within the report.		

The Chief Executive responded to questions raised by Members of the Committee which included:

- Shared Services and any impact on financial savings.
- The workforce and the benefits arising from the introduction of the Investing in our Workforce programme.

**Decision**

The Audit Committee noted the Audit Scotland report and the position of Midlothian Council in relation to the report's recommendations.

Report No.	Report Title	Submitted by:
5.2	Climate Change Reporting	Internal Audit
<b>Outline of report and summary of discussion</b>		
<p>A report dated 11 April 2018 was presented by the Internal Auditor. The objective of the audit was to provide assurance that information in the Midlothian Council Climate Change Duties 2017 report is accurate, compliant with the reporting requirements and reflects current practice. The scope of the audit also incorporated a review of the Midlothian Integration Joint Board (MIJB) Climate Change 2017 report.</p> <p>There was 2 high and 7 medium rating recommendations which are detailed within the report.</p> <p>Thereafter it was confirmed by the Chief Executive that the Carbon Management Plan was discussed at Corporate Management Team and that Climate change was high on the risk register and it was important to take this forward.</p> <p>The Chair raised a question regarding the format of reports and if this would be appropriate for the Carbon Management Plan.</p>		
<b>Decision</b>		
The Audit Committee noted the content of the report.		

**Councillor Baird arrived at 11.38 am**

Report No.	Report Title	Submitted by:
5.3	Purchasing Cards	Internal Audit
<b>Outline of report and summary of discussion</b>		
<p>A report dated 17 April 2018 was presented by the Internal Auditor. The audit objective was to provide assurance on the adequacy of the internal controls in place for the Council's use of purchasing cards.</p>		

There was 10 medium and 3 low rated recommendations which are detailed within the report.

Thereafter a discussion took place regarding the benefits of purchasing cards and the difference in spending with regards to the previous means of spending. It was highlighted that the purchasing cards provided a more effective audit trail and authorisation record when compared to the previous means of payment such as petty cash. The improvement in the payment of invoices as well as the reduced staff time required in processing of invoices was also highlighted.

The Chief Internal Auditor advised the Committee that the key message was that there is a demonstrated shift into a more efficient and effective method in the controls with regards to the administration processes around payments and that the improvement action which has been agreed will address any issues with regards to VAT reclaim.

#### Decision

The Audit Committee noted the content of the report.

## 6. Private Reports

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No private business was discussed.

The Chief Executive highlighted to the Audit Committee that it was proposed that the next meeting scheduled for Tuesday 5 June 2018 would be rescheduled for 2 weeks later due to the timescale for reports and in addition to this there would also be a Special Meeting of the Audit Committee. The dates of these meetings would be confirmed in due course.

The meeting terminated at 11.51 am