

**MINUTES of MEETING of the MIDLOTHIAN COUNCIL AUDIT COMMITTEE** held in the Council Chambers, Midlothian House, Buccleuch Street, Dalkeith on Tuesday, 8 December 2015 at 11.00 am.

**Present:** - Mr Smaill (Independent Chair); Councillors Baxter, Bryant, Milligan, Muirhead, Pottinger and de Vink.

### **1. Declarations of Interest**

There were no declarations of interest.

### **2. Minutes**

The Minutes of Meeting of 29 September 2015 were submitted and approved.

### **3. National Review of Community Planning by Audit Scotland**

There was submitted report, dated 20 November 2015, by the Community Planning and Performance Manager, concerning a national review of Community Planning by Audit Scotland in 2014, which had concluded that there was a need to re-focus the approach to Community Planning through reaching agreement on a statement of ambition and the expectations of Community Planning Partnerships (CPPs) and the method of be assessing success; and that the Scottish Government ought to demonstrate a more systematic approach to outcomes, etc. Audit Scotland had made recommendations for Community Planning Partnerships:-

- (a) to strengthen the effectiveness of the leadership, challenge and scrutiny role at CPP Board level;
- (b) to streamline local partnership working arrangements and ensure they were aligned with local improvement priorities;
- (c) to ensure that local Community Planning arrangements were clear about who was responsible for:-
  - (i) agreeing the priorities of the CPP and SOA;
  - (ii) allocating resources and coordinating activity;
  - (iii) implementing activity; and
  - (iv) scrutinising performance and holding partners and others to account for their performance;
- (d) to work with the new health and social care integration joint boards to develop services that met the needs of local people and supported SOA priorities;

- (e) to set clearer improvement priorities focused on how they would add most value as a partnership, when updating their SOA;
- (f) to use local data on the differing needs of their communities to set relevant, targeted priorities for improvement; and
- (g) start to align and shift partners' resources towards agreed prevention and improvement priorities.

The Community Planning and Performance Manager was heard in relation to the position as it affected Midlothian, during which he confirmed, *inter alia*, the intention to ingather information and move towards evidence based good performance.

### **Decision**

To note the report.

(Action - Community Planning and Performance Manager)

## **4. Risk Management, Update for 1 July 2015 – 30 September 2015**

There was submitted report, dated 25 November 2015, by the Risk Manager, on the 2015/16 quarter 2 update, from 1 July to 30 September 2015.

In his report, the Risk Manager highlighted the critical and high corporate risks facing the Council, including the need to produce balanced budgets during periods of financial restraint ; Corporate Change and Transition; the Integration of Health and Social Care; Risk Management Development; and measures taken to share information on the relative Corporate Risks.

Appended to the report was the quarterly update.

The Risk Manager was heard in amplification of his report, during which, in response to concerns about the potential recurrence of problems associated with the ingress of gas in Housing Developments eg at Newbyres Crescent, Gorebridge, he confirmed that, in respect of new housing developments, recently introduced regulations provided for the installation of a protective membrane to prevent such recurrences; and concurrent improvements had been made in the planning process to cover similar situations.

### **Decision**

- (a) To note the report ; and
- (b) To note the assurances which had been given.

(Action: Risk Manager).

## **5. National Fraud Initiative 2014 / 15**

There was submitted report, dated 30 November 2015, by the Internal Audit Manager, providing an update on the completion of the biennial National Fraud Initiative (NFI) data matching exercises for 2014/15.

In his report the Manager advised, *inter alia*, that £16,153 in overpaid benefits and discounts had been identified and that a further 26 cases had been referred for further investigation to the Department of Work and Pensions..

### **Decision**

To note the report.

## **6. Progress Update – Internal Audit**

There was submitted report by the Internal Audit Manager providing:-

- (a) a summary of the work undertaken by Internal Audit since April 2015; and
- (b) an update on progress with the current Audit Plan as approved by the Audit Committee on 17 March 2015.

In his report, the Manager confirmed which projects had been completed since April 2015; the works in progress; the Audits from 2015/16 which had not yet commenced; the effect of his appointment as Chief Internal Auditor of the Joint Integrated Board for Health and Social Care; and resulting proposed additional audits in 2015 / 16.

### **Decision**

- (i) To note the work completed by the Internal Audit Section;
- (ii) To note progress with the current Plan; and
- (iii) To note that the Internal Audit Manager intended to report back if the support to the Integrated Board impacted on the delivery of the Council's Internal Audit Plan.

(Action: Internal Audit Manager).

## **7. Review of Controls Operating over House Rents**

There was submitted report, by the Internal Audit Manager concerning a Review of Controls Operating over House, Garage and Garage Site Rents which addressed the adequacy of billing, charging and collection, arising out of which only minor elements of risk had been identified; and a small number of issues had been identified and management actions had been agreed to address these.

### **Decision**

- (a) To note the report and that the audit had been considered good; and
- (b) To approve the relative recommendations.

(Action: Internal Audit Manager).

## 8. Financial Monitoring 2014/15

With reference to paragraphs 18, 19 and 20 of the Minutes of Council of 3 November 2015, there was submitted report, dated 9 November 2015, by the Director, Resources, concerning:-

- (a) Financial Monitoring 2015/16 and the General Fund Revenue Material Variances;
- (b) the Housing Revenue Account (HRA), Revenue Budget and Capital Plan 2015/16, reasons and investments; and
- (c) the General Services Capital Plan 2015/16 to 2020/21.

Appended to the report were the relative reports by the Head of Finance and Integrated Service Support.

The Director commented on the report and confirmed that Council had agreed, *inter alia*:-

- (i) To note, in respect of the General Fund Revenue, the projected overspend of £1.363m; movement of the a general reserve to £16m since Quarter 1; and
- (ii) To note, in respect HRA Revenue Budget and Capital Plan, the underspend of £0.5m ; and
- (iii) To note the monitoring position for Quarter 2; and approve the addition of the Footpath at Stobhill Primary School at a cost of £22,000.

The Head of Head of Finance and Integrated Service Support, was heard in amplification of his reports.

### Decision

To note the reports.

(Action: Head of Finance and Integrated Service Support)

## 9. Treasury Management Mid-Year Review Report 2015/16

With reference to paragraph 21 of the Minutes of Council of 3 November 2015, there was submitted report, dated 9 November 2015, by the Director, Resources, concerning the Mid-Year Review of Treasury Management in 2015/16.

Appended to the report was report, dated 20 October 2015, by the Head of Finance and Integrated Service Support.

The Director commented on anticipated capital requests, PWLB rates, etc and confirmed that Council had agreed:-

- (a) To note that the Financial Services team had achieved a better than benchmark return on investments for the period to 15 October 2015;

- (b) To note the report and treasury activity undertaken in the period to 15 October 2015;
- (c) To note the forecast activity during the second-half of the year and the illustration of some of the potential options available for investment; and
- (d) To approve the revisions to the Prudential Indicators.

The Head of Finance and Integrated Service Support, was heard in amplification of his report.

### **Decision**

To note the report. for its interest,

(Action: Head of Finance and Integrated Service Support)

### **10. 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 6 and 14 of Part I of Schedule 7A to the Local Government (Scotland) Act 1973:-

- (a) Review of Controls Operating Over Commercial Lets – to note the report and approve the relative Management Action Plan; and
- (b) Internal Audit Recommendations – to note the report; and that Internal Audit would continue to monitor completion of the outstanding issues and report to the Committee.

The meeting terminated at 12.10 pm.