

# Minute of Meeting

Audit Committee  
Tuesday 28 January 2020  
Item No: 4.1



## Audit Committee

Date	Time	Venue
Tuesday 3 December 2019	11.00am	Council Chambers, Midlothian House, Dalkeith, EH22 1DN

### Present:

Mike Ramsay (Independent Chair)
Councillor Hardie
Councillor Milligan
Councillor Muirhead
Councillor Smail
Councillor Alexander (Substitute)
Councillor Cassidy (Substitute)

### In attendance:

Grace Vickers	Chief Executive
Kevin Anderson	Executive Director Place
Joan Tranent	Chief Officer, Children's Services, Partnerships and Communities
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, EY
Jill Stacey	Chief Internal Auditor
Chris Lawson	Waste, Risk and Resilience Manager
Janet R Ritchie	Democratic Services Officer

## 1. Welcome and Apologies

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

Apologies were received from Councillor Baird, Councillor Parry and the Independent Member, Peter de Vink.

## 2. Order of Business

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The order of business was confirmed as that outlined in the agenda with an additional item to be added under A.O.B with regards to the Chair's absence at the January meeting.

## 3. Declarations of interest

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No declarations of interest were received.

## 4. Minutes of Previous Meetings

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- 4.1 The minute of the meeting of 24 June 2019 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 the following agreed:
- 1) 'Treasury Management Training Session' - This training Session took place on Tuesday 5 November 2019 – closed.
  - 2) 'Report on "Where does a Councillor go if they lose faith in Senior Officers?" – The Legal Services Manager provided an update on this item and after a lengthy discussion it was acknowledged the Chief Executive would follow up with informal discussions with COSLA. It was agreed that this item would now be closed to this committee. – closed.
  - 3) 'Lothian Buses Pension Fund' The Risk Manager advised that after discussion with the Head of Finance and Integrated Service Support it would be included in the Q3 Risk Management update. - closed.
  - 4) Proposed Change to the Scheduled Meeting dates from December 2019 – December 2020 – This was approved at Council on 12 November 2019 – closed.

## 5. Public Reports

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Report No.	Report Title	Presented by:
5.1	Internal Audit Mid-Term Performance Report 2019/20	Jill Stacey, Chief Internal Auditor
<b>Outline of report and summary of discussion</b>		
The Chief Internal Auditor presented this report advising that the purpose of this report was to inform the Audit Committee of the progress Internal Audit has made,		

in the first 6 months of the year to 30 September 2019, towards completing the Internal Audit Annual Plan 2019/20. It also summarises the statutory obligations for Internal Audit and requirements of the Public Sector Internal Audit Standards.

She highlighted that Appendix 1 to this report provides details of the half yearly progress by Internal Audit with its programme of work and explained the impact the fraud investigation had during the first half of the year on staff resources. Details of the most significant variations from the Plan to 30 September 2019 are detailed within the report and the Chief Internal Auditor explained that the remaining planned audit work will require additional Internal Audit resources within this period to deliver the Internal Audit Plan 2019/20 in full.

#### Decision

The Audit Committee:

- a) Noted the progress Internal Audit has made with activity in the Internal Audit Annual Plan 2019/20 by the mid-year point; and
- b) Acknowledged the additional auditor resources for the second half of the year to enable full delivery of the approved Internal Audit Annual Plan 2019/20.

Report No.	Report Title	Presented by:
5.2	Internal Audit Work to October 2019	Jill Stacey, Chief Internal Auditor

#### Outline of report and summary of discussion

The Chief Internal Auditor presented this report advising that 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.

The Chief Internal Auditor highlighted the main sections of the report and updated the Committee on the Final Internal Audit Report on EU Funded Programme Tyne Esk LEADER (arising from the legislative and other compliance audit), including audit objective, findings, audit opinion on the compliance with the Service Level Agreement and the recommendations which are detailed in Appendix 1.

#### Decision

The Audit Committee:

- a) Noted the Final Internal Audit Report issued in the period from 1 September to 1 November 2019 associated with the delivery of the approved Internal Audit Annual Plan 2019/20.
- b) Noted the Internal Audit Assurance work in progress and Internal Audit Consultancy and Other Work carried out in accordance with the Internal Audit Charter, Strategy and Plan.
- 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	Presented by:
5.3	Internal Audit Recommendations Progress Report 2019	Jill Stacey, Chief Internal Auditor
<b>Outline of presentation and summary of discussion</b>		
<p>The Chief Internal Auditor presented this report to the Committee explaining that the purpose of this report was to inform the Audit Committee of the number of recommendations raised by Internal Audit over the last 4 years and the Council's performance in addressing these issues by the agreed implementation dates. The report focusses on actions still open and the Chief Internal Auditor highlighted that this year was very positive in comparison to previous years with 9 actions (2%) which are detailed in Appendix 1 to the report.</p> <p>She further advised that discussion had taken place with regards to the overdue Internal Audit recommendations and the reasons why they were not completed on the original due date and the risk mitigations in place in the interim and in accordance with the new Protocol, revised due dates for completion of these have been proposed by relevant Management, discussed at CMT and agreed by Internal Audit based on the further work required to implement.</p> <p>Thereafter Officers provided assurances when responding to questions and comments raised by members of the Committee with regards to the overdue recommendations. It was also noted that on a request from Councillor Hardie a breakdown of staff debt would be provided as an appendix to the minute.</p>		
<b>Decision</b>		
<p>The Audit Committee:</p> <ul style="list-style-type: none"> <li>a) Acknowledged the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks.</li> <li>b) Noted that Internal Audit will continue to monitor for completion the outstanding recommendations and will provide update reports to the Audit Committee.</li> </ul>		
<b>Action</b>		
Executive Director Place Chief Internal Auditor		

Report No.	Report Title	Presented by:
5.4	Risk Management Q2 Update for 1 July 2019 – 30 September 2019	Chris Lawson, Waste, Risk and Resilience Manager
<b>Outline of presentation and summary of discussion</b>		
<p>The Risk Manager presented a report dated 15 November 2019 providing the Audit Committee with the 2019/20 quarter 2 strategic risk management update, covering the period 1 July 2019 to 30 September 2019. The Audit Committee had previously requested regular reports on the Council's Strategic Risks.</p>		

The Strategic Risk Profile sought to provide a strategic look at the current issues and future risks and opportunities facing the Council.

The Risk Manager highlighted the main sections contained within the report and members of the committee raised questions and comments with regards to the Strategic Risks for the Council summarised in table 2 within the report.

In a response to a questions raised by Councillor Muirhead, Joan Tranent confirmed that within table 2, Scottish Abuse Inquiry and Historic Abuse Claims project were two different things and she provided an explanation on both of these, she also confirmed that he was correct that Historic should be removed from the Abuse Claims project and this would be amended.

In response to questions raised with regards to Climate Change the Risk Manager highlighted that work was underway on the consultation of a new Climate Strategy and this would be presented to Council in due course. The Chief Executive also highlighted that at the Community Planning Partnership development day the key theme was Climate emergency and sustainability and this will also be reported back to Council on how this influences the Single Midlothian Plan in the year ahead.

#### Decision

Audit Committee noted the quarter 2 2019/20 Strategic Risk Profile report and considered the current response to the issues, risks and opportunities highlighted.

Report No.	Report Title	Presented by:
5.5	Treasury Management Mid-Year Review 2019 – 20	Gary Fairley, Head of Finance and Integrated Service Support
Outline of presentation and summary of discussion		
<p>The Head of Finance and Integrated Service Support presented this report to inform members of the Treasury Management activity undertaken during the first half of 2019/20, an update to the Treasury and Prudential Indicators for 2019/20 and the link across to the Council's Capital Investment Strategy.</p> <p>He then explained that this report ideally should have been presented to the Audit Committee prior to being presented to Council but due to timing of meetings it was presented to Council on 12 November 2019 prior to this meeting. He provided a summary of the contents of the report and highlighted the recommendations in section 9 of the report.</p> <p>Thereafter he responded to questions and comments raised by members of the Committee and confirmed that with regards to the information Councillor Smail had previously requested from Alan George from Link he would follow this up.</p>		

## Decision

The Audit Committee;

- a) Noted that this report had been presented to Council on 12 November 2019 and that the recommendations contained within the report had been agreed.
- b) To otherwise note the report.

## 6. Private Reports

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No private reports were submitted.

## 7. Date of Next Meeting

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The next meeting will be held on Tuesday 28 January 2020 at 11 am

### A.O.B:

The Independent Chair, Mike Ramsay highlighted to the Audit Committee that he would not be present at the next meeting in January and it was agreed by the Committee to nominate a Chair for this meeting.

Councillor Smail was nominated by Councillor Hardie and seconded by Councillor Cassidy as Chair for the Audit Committee meeting scheduled for 28 January 2020.

The meeting terminated at 12.15 pm