

# MINUTES

# A & B

**Audit and Standards Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday 7 June 2012 at 10.00 a.m.**

**Present:**

J Wills	B Fox
A Manson	T Smith
M Stout	A Westlake
V Wishart	

**Apologies:**

S Coutts	A Duncan
----------	----------

**Also in Attendance (Members):**

G Cleaver

**In attendance (Officers):**

P Crossland, Director of Infrastructure Services  
C Ferguson, Director of Corporate Services  
J Gray, Executive Manager - Finance  
C McIntyre, Executive Manager - Internal Audit  
J Riise, Executive Manager - Governance and Law  
J Smith, Executive Manager - Improvement and Performance  
J MacLeod, Performance and Improvement Adviser  
L Adamson, Committee Officer

**Also:**

C Hislop, Audit Scotland

**Chairperson**

In the absence of the Chair, Dr J Wills, Vice-Chair, presided.

**Circular**

The circular calling the meeting was held as read.

Dr Wills welcomed everybody to the first meeting of the Audit and Standards Committee of this Council, and commented that apart from the Chair and Vice-Chair all other Members were new to the Committee. He referred to the paper that had previously been circulated which outlined the roles and remit of the Committee, and advised that Audit and Standards training had been arranged for the end of August. A Seminar was also to be arranged to allow Members the opportunity to consider any changes to the remit and functions of the Committee.

Dr Wills briefly outlined the main purpose of the Committee, how the meetings operate and the format of the agenda.

**Declarations of Interest**

Dr Wills advised that a close family member is a Council employee.

08/12

**Minutes**

Except as undernoted, the Minutes of Audit and Standards Committee held on 16 February 2012 were confirmed on the motion of Dr Wills, seconded by Mr Fox.

**03/12 – Audit Scotland Reports**

Penultimate paragraph, Page 3, the word 'legal' to be inserted before 'requirement'.

**32/11 – Items for Future Discussion**

Dr Wills advised that he was aware that the Chief Executive had been in correspondence regarding ethical investments, and suggested that a summary of the discussion could be reported to the next meeting.

09/12

**Assurance and Improvement Plan Update 2012-15**

**National Scrutiny Plan for Local Government 2012/13**

A report by the Performance and Improvement Adviser (IP-011-F) presented the Shetland Islands Council – Assurance and Improvement Plan (AIP) Update 2012-15, as requested to be presented by the Council's External Auditors. The report also included the National Scrutiny Plan for Local Government 2012/13, which provided a summary of Local Government Strategic Scrutiny Activity.

The Executive Manager - Improvement and Performance introduced the report.

The Executive Manager - Improvement and Performance reported that a recent meeting between Council officials and representatives from the Accounts Commission had been very positive, with the Accounts Commission acknowledging the pace of change within the Council and the progress being made against the Improvement Plan.

Referring to the AIP Update 2012-15, Ms Hislop, Audit Scotland, provided a summary of the issues where perceived risks in the Council's processes and activities have not changed since the 2011/12 AIP update, and other areas where significant improvements had been made. She explained that a Best Value follow-up of the Council's progress against the Improvement Plan would take place in November 2012 and reported to the Accounts Commission in December, with the Best Value audit for all Councils carried out in 2013/14.

Ms Hislop reported that the work involved with the Council's Benefits Performance Audit was nearing completion and no specific issues had been identified to date.

The Executive Manager - Improvement and Performance advised that a report will be presented to the next Executive Committee to consider options and activities to address the issues raised in the AIP Update 2012-15.

During the discussion, and in response to questions from Members on a number of issues in the AIP Update 2012-15, explanations were provided as follows:

- There is no legal requirement to group the accounts of the Council and Shetland Charitable Trust (SCT), however under the Accounting Code of Practice there is a requirement to group accounts. It was noted that should the constitution of the SCT change the level of consolidation required would be looked at again.

- Since September 2011 there have been significant improvements in budget reporting, which includes Members receiving additional budget information and more forward-looking projections.
- Following concerns raised relating to the risks associated with the Council's procurement practices, assurance was given that steady progress was being made in this area. Procurement was one of the 12 areas in the Improvement Plan where specific actions had been set, with the Executive Manager – Capital Programme to take the lead to ensure the improvements are made.

It was suggested that Procurement could be an item on the agenda for the next meeting to allow a more informed discussion.

Mr B Fox advised that he would be attending a meeting of Scotland Excel next week and would report back to the next meeting of the Committee.

**Decision:**

The Committee **NOTED** the contents of the report.

10/12

**Audit Scotland Reports**

A report by the Performance and Improvement Advisor (IP-010-F) provided links to reports produced by Audit Scotland since the last meeting of the Committee.

Ms C Hislop, Audit Scotland, advised that the report had been made available for Members' information, however any issues could be raised in more detail. She suggested the "Overview of Local Government in Scotland – Challenges and Change in 2012" could be presented to a future meeting of the Committee.

**Decision:**

The Committee **NOTED** the contents of the report.

11/12

**Internal Audit – Annual Report 2011/12 and Operational Plan 2012/13**

A report by the Executive Manager – Internal Audit (IP-005-F) presented the Internal Audit Annual Report 2011/12 and the Operational Plan 2012/13.

The Executive Manager – Internal Audit introduced the report.

In response to questions from Members regarding a number of the key audit issues reported in Appendix 1, the Executive Manager – Internal Audit advised as follows:

- Schools Service  
The Executive Manager – Schools has given a positive response to deal with the outstanding risk assessments within some schools.
- Centralised Relief Bank – Community Care  
The issue is still outstanding however assurance has been given that it will be dealt with. Internal Audit have been advised that a review is to be carried out by September to identify staffing requirements for all service areas.
- Specific Capital Project – Walls Pier

Reassurance was given that Officers had been prompt reacting to the problems with the initial contract. The procedures to be followed had taken some time and lessons had been learned.

A full report on the Walls Pier Contract could be made available to Members, if requested.

- Employee Performance Reviews

A recent sample of 100 Employee Performance Reviews revealed that 65 had not been carried out. A follow-up is being undertaken which it is hoped will demonstrate a significant improvement. The findings from the follow-up will be reported to Committee.

**Decision:**

The Committee **NOTED** the contents of the report.

12/12 Items for Future Discussion

The Committee agreed that further consideration be given to including the following items into a Work Plan:

- Regular reporting and more indepth scrutiny into absence management within the Council.
- Report progress on the proposals for the disposal of empty premises.
- Report detailing the properties rented to groups/organisations for peppercorn rents.
- An update on Procurement.

The meeting concluded at 11 a.m.

.....  
Chair