

MINUTES

A&B - Public

Special Audit Committee
Council Chamber, Town Hall, Lerwick
Tuesday 23 September 2014 at 10am

Present:

M Burgess	S Coutts
A Manson	T Smith
M Stout	V Wishart

Apologies:

A Duncan	B Fox
A Westlake	

In attendance (Officers):

C Ferguson, Director of Corporate Services
J Gray, Executive Manager - Finance
C McIntyre, Executive Manager – Audit, Risk and Improvement
J Riise, Executive Manager – Governance and Law
J MacLeod, Performance and Improvement Adviser
K Adam, Solicitor
C Anderson, Senior Communications Officer
L Adamson, Committee Officer

Also In Attendance

C Hislop, Audit Scotland
I Lochhead, Audit Scotland
D McConnell, Audit Scotland
E Johnson, Brae Junior High School (Observer)
L Povilonyte, Brae Junior High School (Observer)
J Stout, Brae Junior High School (Observer)

Chairperson

In the absence of the Chair and Vice-Chair, nominations were sought for the Chair pro-tem. Ms V Wishart was nominated by Mr T Smith, seconded Ms Manson. Ms Wishart took the Chair.

The Chair welcomed Miss Johnson, Miss Povilonyte and Miss Stout, work experience pupils from the Brae Junior High School, who were observing at today's meeting.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

24/14 Final Audited Accounts 2013/14

The Committee considered a report by the Executive Manager – Finance (F-045-F), which presented the final signed and audited accounts for 2013/14 and Audit Scotland's report to those charged with governance on the 2013/14 Audit.

The Executive Manager – Finance introduced the report, and advised on the good working relationship between the representatives of Audit Scotland and his staff in the Finance Service during the audit process. In referring to the paper that was tabled at the meeting (Appendix A), the Executive Manager – Finance reported on a late adjustment required to Note 35 “Contingent Liabilities”, in regard to Holiday Pay Liability, which he advised is in line with other Local Authorities in Scotland. The Executive Manager – Finance confirmed that the amendment will be made prior to the annual accounts being signed.

Mr D McConnell, Audit Scotland, advised that the audit process had gone very well, with good working papers provided from the team in the Finance Service. He said that Audit Scotland’s report to those charged with governance informs on some presentational adjustments that were required but he confirmed none were of a troublesome nature. He drew the Committee’s attention to the adjustment for asset decommissioning for future landfill, which he advised would be a consideration for some Local Authorities. In concluding, Mr McConnell said that there had been no significant issues, and Auditors were pleased with the Accounts and he confirmed the clear certificate from Audit Scotland.

In referring to the “Outstanding Matters” section of the “Report to those charged with governance”, Mr Stout enquired whether any problems are anticipated in regard to the information required on the Shetland Charitable Trust (SCT). Ms Hislop confirmed that the necessary assurances had been received from SCT’s auditors last week.

The Chair commented that the outcome from the audit was very heartening, and she acknowledged the hard work of Council officers and Audit Scotland during the audit process.

On the motion of Mr Stout, seconded by Ms Wishart, the Committee approved the recommendations in the report.

Decision:

The Committee **RECOMMENDED** that the Council resolve to:

- approve the final signed and audited accounts for 2013/14; and
- note Audit Scotland’s report to those charged with governance on the 2013/14 Audit.

25/14

Pension Fund Final Audited Accounts 2013/14

The Committee considered a report by the Executive Manager – Finance (F-047-F), which presented the final signed and audited Pension Fund accounts for 2013/14 and Audit Scotland’s report to those charged with governance on the 2013/14 Audit.

The Executive Manager – Finance briefly introduced the report, and advised on the good working relationship with Audit Scotland throughout the audit process.

Mr D McConnell confirmed that the audit process had gone well for Audit Scotland, and he thanked the team in the Finance Service. He advised that there had been a few presentational adjustments required but nothing of significance, and he confirmed a clear audit certificate.

On the motion of Mr T Smith, seconded by Ms Manson, the Committee approved the recommendations in the report.

Decision:

The Committee **RECOMMENDED** that the Council resolve to:

- approve the final signed and audited Pension Fund Accounts for 2013/14; and
- note Audit Scotland's report to those charged with governance on the 2013/14 Audit.

26/14

Final Audited Zetland Educational Trust Annual Report and Financial Statements to 31 March 2014

The Committee considered a report by the Executive Manager – Finance (F-046-F), which presented the final signed and audited Zetland Educational Trust accounts for 2013/14 and Audit Scotland's report to those charged with governance on the 2013/14 Audit.

In introducing the report, the Executive Manager – Finance advised that the Council has previously administered a number of small Trusts, but that in line with other Councils across Scotland the numbers have been reduced. He thanked the Council's Legal team and his colleagues in Finance for the work that was involved in winding up the smaller Trusts.

Mr McConnell, Audit Scotland, advised on the new requirement for audits to be undertaken on the annual report and accounts of charities administered by Councils. He advised that this was a new area for Audit Scotland, however the audit process for the Zetland Educational Trust (ZET) had gone well and no significant factors had arisen, and he confirmed a clear audit certificate.

In response to a question, the Executive Manager – Finance advised that the ZET funds are invested with a high street bank, on a fixed term deposit which receives a return of less than 2%. He added that this is considered the safest option, for investing the funds into the future. A Member enquired on whether there was flexibility for the Council, as Trustee of the funds, to invest the funds in a different manner to seek a higher return. The Executive Manager – Finance advised that he believed there were some restrictions on flexibility, and he undertook to inform on this to Members by e-mail.

On the motion of Mr Stout, seconded by Mr Coutts, the Committee approved the recommendations in the report.

Decision:

The Committee **RECOMMENDED** that the Council resolve to:

- approve the final signed and audited Zetland Educational Trust Accounts for 2013/14; and
- note Audit Scotland's report to those charged with governance on the 2013/14 Audit.

Audit Scotland Report on Public Performance Reporting

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IP-21-14-F), which presented Audit Scotland's report on Public Performance Reporting (PPR) and sought further consideration of the Council's proposed Action Plan in response to that report.

The Performance and Improvement Adviser introduced the report.

In response to questions, the Performance and Improvement Adviser advised that the Directorate Plans in October will inform on the 2015/16 target performance statements, which will cover Local Government indicators in more detail.

The Performance and Improvement Adviser informed on the work to improve public performance reporting in the Council, and Mr McConnell advised that representatives of Audit Scotland will work with Council officers to assist in the process.

The Chair took this opportunity to thank the representatives of Audit Scotland for their scrutiny of the Council's performance and accounts. The Chair gave a special thanks to Ms C Hislop, who is moving on from working in Shetland. The Committee concurred. In responding, Ms Hislop advised that she had enjoyed working with the Council, and has learned a lot in her 5 year position. Ms Hislop thanked all the staff in the Finance Service, and said that she has been very grateful for the assistance she and all the Audit Scotland staff have received.

Decision:

The Committee **RESOLVED** to note the contents of the Audit Scotland report and the Council's proposed Action Plan.

Statutory Performance Indicators 2013-14

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IP-22-14-F), which presented the 2013/14 Performance Indicators which are reported as part of the Statutory Requirement for Public Performance Reporting.

The Performance and Improvement Adviser introduced the report.

In referring to SPI02, the Chair commented that she was pleased to note the slight improvement in the percentage of Council employees in the top 5% earners that are women.

In referring to SPI05a, Mr Stout commented that he welcomed the marked decrease in the cost of collecting Council Tax per dwellinghouse for 2013/14. However, it was noted that the cost for collection of Council Tax in 2012/13 had been significantly higher, and an explanation on this variation was sought. The Executive Manager – Finance explained that the higher collection cost in 2012/13 took into account an exit package for one member of staff within the section, where he said that with it being a small department any fluctuation on an indicator can be significant.

In acknowledging the improvement reported on SPI108aii, with the proportion of operational accommodation that is suitable for its current use increased to over 80%, Mr Stout questioned the reasons for this indicator not reaching 100%. The

Performance and Improvement Adviser explained that Ferry Terminal Waiting Rooms are not classed as being suitable for its current use due to issues with disabled access. He added however, that at a recent meeting of Environment and Transport Committee assurance was given that the new ferry timetables would include information that ferry staff are available to help with passenger access. In response to a request for a recalculation of the SPI for building suitability excluding ferry waiting rooms, the Performance and Improvement Adviser advised that he would provide this information to Members, by e-mail.

Decision:

The Committee **RESOLVED** to review the Performance Indicators for 2013/14 as outlined in Appendix A to the report.

The meeting concluded at 10.25am.

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Chair