

# MINUTES

# A & B

**Audit Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Wednesday 13 April 2016 at 2pm**

**Present:**

A Duncan	M Burgess
S Coutts	B Fox
T Smith	M Stout
A Westlake	V Wishart

**Apologies:**

A Manson

**In attendance (Officers):**

C Ferguson, Director of Corporate Services  
J Belford, Executive Manager – Finance  
J Jamieson, Risk Management Officer  
E Cripps, Internal Auditor  
K Adam, Solicitor  
L Adamson, Committee Officer

**Chairperson**

Mr Duncan, Chair of the Committee, presided.

**Circular**

The circular calling the meeting was held as read.

**Declarations of Interest**

None

**Minutes**

The Committee confirmed the minutes of the meeting held on 1 March 2016 on the motion of Mr Duncan, seconded by Ms Westlake.

07/16      **Corporate Improvement and the Management of Risk**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-08-15-F), which presented the progress made on the Council's risk management arrangements.

The Risk Management Officer summarised the main terms of the report.

In referring to the Best Value 2 report, at Appendix 2, a Member noted that Risk 1.4 "Is risk management used to help identify opportunities as well as risks?" has not been met by the Council. In that regard he questioned how political salience could assist the process, and for Members to help identify opportunities around positive risk taking and on the importance for opportunity risk to be embedded in the Council. The Director of Corporate Services advised that the difficulty is very much the language used when reporting on risks and on the need to recognise risks in positive terms, rather than all risks as being negative. She advised that the Policy Forum meetings would be where Members could contribute and identify opportunity risks. In response to a question from a Member in terms of employee's understating

of opportunity risks and the need to validate their use in day to day practices, the Director of Corporate Services advised on the means to undertake risk checks, and that risk training had been undertaken with departments and teams to ensure a better understanding on the various levels of risk. She advised that positive risk taking is appearing more in the various Council Plans and policies and said that the risk checks would be very important in that regard. The Risk Management Officer advised that opportunity risk, and the need to change the mindset to anticipate risks and opportunities would be raised at the Risk Board in July.

A Member referred to the decision at the previous meeting of Committee, and enquired on any progress for admitted bodies into the Pension Scheme to be considered as a risk in the Risk Register. The Director of Corporate Services confirmed that the matter had been discussed at Risk Board last week, and that Members are to receive information in regard to the outcome.

In response to a comment from a Member on the inconsistent approach to reporting on risks in reports to Committees, the Risk Management Officer confirmed that guidance to staff is to be developed on the content of the Risk section of reports, with the guidelines circulated to Members.

In commenting on the number of Council partnerships, a Member enquired on the assessment process undertaken by Audit Scotland in regard to Risk 3.2, "Is there adequate monitoring of partnership risks?". The Risk Management Officer confirmed that partner organisations had to provide specific evidence that their risks are being monitored, to the Principal Internal Auditor's satisfaction. The Director of Corporate Services reported from recent Risk Management training to the Integration Joint Board (IJB) and Shetland Partnership Board (SPB), and advised that the training could be made available to other partner organisations. The Risk Management Officer added that should there be demand for any further risk training this could be delivered.

In response to a question, the Risk Management Officer advised on the proposal to re-launch a rolling programme of risk checks, where assistance is provided to Managers to review the risks within their Service area, to find solutions and develop recommendations for risks to be managed more successfully. She confirmed that further detail on the rolling programme of risk checks will be presented to Audit Committee before the end of 2016.

The Chair made reference to Section 3.3 of the report, and enquired on the confidence that the Council can meet the performance framework target to achieve level three by the autumn of 2016. The Risk Management Officer said that in her opinion, while the target is challenging it should be achievable.

In response to a question, the Risk Management Officer reported on the comparisons in regard to risk management between the Council, and Orkney Islands Council and the Western Isles Council. In that regard, she reported on how some of the bigger local authorities seek risk management advice from the Council, as it is seen as an organisation where its size and functions are understandable

**Decision:**

The Committee noted the content of the report, the mechanisms in place to improve the management of risk, and commented and advised the Chief Executive and senior managers of their views and any changes required.

08/16

**Internal Audit – Operational Plan 2016/17**

A report by the Executive Manager – Audit, Risk and Improvement (IA-11-16-F) presented the Operational Plan for 2016/17, which has been developed following consultation with Directors and circulation to other members of the Corporate Management Team.

The Internal Auditor introduced the report.

In response to a question from the Chair, the Director of Corporate Services gave assurance in terms of staff resources in-house to undertake the audits in the Operational Plan 2016/17. She advised however, that should the need arise there is the option to buy-in specialist advice for more complex and technical audits.

In response to a question, the Internal Auditor advised on the system in place to identify and prioritise audits for the Operational Plan on the basis of high, medium and low areas of risk.

During the discussion, the Chair congratulated officers in the Audit Team on gaining their recent qualifications.

On the motion of Mr Stout, seconded by Ms Westlake, the Committee approved the recommendation in the report

**Decision:**

The Committee approved the planned coverage for 2016/17.

The meeting concluded at 2.35pm.

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Chair