

Declarations of Interest

None

Minutes

The Committee confirmed the minutes of the meeting held on 31 August 2016 on the motion of Mr Fox, seconded by Mr Duncan.

The Committee confirmed the minutes of the meeting held on 21 September 2016 on the motion of Mr T Smith, seconded by Mr Duncan.

24/16 **Audit Scotland and Other External Audit Reports: Best Value Report Angus Council**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-21-16-F), which provided an opportunity to consider issues that may be pertinent to this Council, arising from the Audit Scotland Best Value report recently issued to Angus Council.

The Executive Manager – Audit, Risk and Improvement introduced the report.

During the discussion, comment was made on the parallel initiatives being taken forward by Angus Council and Shetland Islands Council.

Decision:

The Committee noted the contents of the report.

25/16 **Audit Scotland and Other External Audit Reports**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-24-16-F), which provided an opportunity to consider and monitor progress on any recommended actions resulting from Audit Scotland and External Audit body reports which have been or will be presented to the functional Committees.

In introducing the report, the Executive Manager – Audit, Risk and Improvement highlighted the delay in reporting on the three reports as outlined in Section 4.2. He advised however that two of the reports have been confirmed for reporting in March 2017.

During the discussion, the Chair sought further detail on the reasons for the delayed reporting on “EA0090 Care Inspectorate – North Haven (Support Services)”. The Executive Manager – Audit, Risk and Improvement said he would seek clarity from the relevant officer, and request a response direct to the Chair of Audit Committee.

In response to a question, the Executive Manager – Finance informed on the delay in reporting on report “EA0092 Audit Scotland – National Fraud Initiative in Scotland”. He advised however that he has tasked a trainee accountant to do an in-depth piece of work in this area which will include data from 2016, for reporting in March 2017.

In response to comments from the Chair, the Executive Manager – Audit, Risk and Improvement undertook to follow up with the Interim Joint Principal, Shetland

College, to address the delayed reporting on “EA0108 Audit Report – Scotland’s Colleges 2016”.

The Chair made reference to Section 6.1 of the report, where he questioned whether the Council can continue to meet the objective to “ensure that our customers are getting the best possible service and that we are committed to improving our services across Shetland” with the reductions in funding to the Council going forward. The Director of Corporate Services commented that whatever constraints are faced by the Council, it is important to reflect and deliver the best possible services, and to learn from others and the Council’s own experiences.

In referring to Section 6.11 of the report, it was noted that reference should have been made to reporting to Policy and Resources Committee on 7 December 2016.

Decision:

The Committee considered the progress statements provided by Lead Officers in Appendix 1 to the report, making relevant comments.

26/16 **Audit Scotland and Other External Audit Reports: Review of Policy and Procedure**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-22-16-F), which presented a revision of the Audit Scotland and other External Audit Reports – Policy and Procedures.

The Executive Manager – Audit, Risk and Improvement introduced the report.

In referring to Appendix 1, and the comments made at Section 3.0 “Procedure”, it was questioned whether Audit Scotland could provide notification of relevant Audit Scotland and other external reports, rather than Council officers having to review different websites. It was advised that Audit Scotland currently provide reports to relevant officers. The Executive Management – Audit, Risk and Improvement confirmed the current procedure where officers have to trawl through websites, and said that he welcomed the suggestion made from the Committee, and would discuss further with colleagues to improve communication channels.

In response to a suggestion, it was agreed that the Appendix to future Audit Scotland and other external audit reports should also inform on whether an Action Plan is required, or awaited, by way of a tick box.

Decision:

The Committee considered the assessment of progress against policy and procedure in relation to Audit Scotland and other external audit reports and made relevant comments on planned actions for further improvement.

27/16 **Six-monthly Internal Audit Progress Report 2016/17**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-20-16-F), which presented details of progress made to date against the Audit Plan approved for 2016/17.

The Executive Manager – Audit, Risk and Improvement introduced the report.

During the discussion, Members expressed concern at the audit issues identified during the audit of Children's Resources (c/f from 2015/16, and report finalised June 2016). The Executive Manager – Audit, Risk and Improvement reported that the audit had been undertaken relatively soon after the new Executive Manager had taken up post. The new Executive Manager has undertaken to resolve the issues identified, and these will be monitored and the actions updated when implemented. The Executive Manager – Audit, Risk and Improvement added that none of the agreed actions are overdue at this time.

The Chair referred to the five audit comments raised covering “medication, administration training, complaints handling, fire safety audits, inventory management and records management of client pocket money”, where he recalled a number of similar issues had been highlighted during the audit of Community Care last year. He advised on his concern that these issues are still outstanding and could also be common to other Council departments. He referred to the risks to the Council of these issues being outstanding and stated that this was a priority area to be resolved. The Executive Manager – Audit, Risk and Improvement explained that the audits undertaken had been for specific Sections of the Council at specific times. Corporate audits are also undertaken, to look at any specific areas Council wide, which are reported to CMT, which he suggested would be a means to ascertain whether these issues have been corporately addressed. The Director of Corporate Services advised on a further opportunity to raise any audit issues identified in Social Care, Adult and Children's Services, through the Clinical Care and Professional Governance Committee (CCPGC), and she suggested that in the first instance, Mr Duncan could raise this matter at the next CCPGC meeting. In response to a comment from the Chair on the need for urgent attention from management to address the five audit issues highlighted, the Director of Corporate Services confirmed that she would raise this matter at CMT to ensure all Directors review the areas identified relevant to their Directorates and look more closely at all governance matters.

In response to questions regarding the audit observation highlighted relating to a petty cash imprest, the Executive Manager – Audit, Risk and Improvement gave assurance that there has been no evidence of fraud, and had there been any evidence this would have been acted on very swiftly. The Executive Manager – Finance advised on the minimal value of petty cash for expenditure on small items, and confirmed the procedures in place which fall under the remit of the Council's Financial Regulations.

Decision:

The Committee noted the contents of the six-monthly report and commented accordingly.

28/16

Risk Management Annual Report

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-19-16-F), which presented the annual Risk Management Report.

The Executive Manager – Audit, Risk and Improvement introduced the report.

In response to a question, clarity was provided on the 5 rankings used to measure management of risk against the ALARM National Performance Framework (Appendix 3). It was advised that the Council's position is considered to be Level 3 'Working' however there is evidence to demonstrate progress to Level 4 "Embedded and Working".

In referring to the Risk Review Action Plan Scorecard, at Appendix 2, an update was requested on proposals to meet the target date of 30 March 2017 to "Develop CORE data management and bespoke reporting to suit a wide range of users", where it was noted that progress was currently reported at 10%. The Senior Risk Management Officer advised that progress was further ahead than reported, and she advised that there were two pieces of work timetabled between now and March that would progress the project to meet its target date for completion.

In response to a question, the Senior Risk Management Officer gave assurance that the timescales outlined in the Action Plan Scorecard would be met.

In response to a comment, it was agreed that future reports would avoid the use of acronyms, or where acronyms are used, to first write out the wording in full.

Decision:

The Committee noted the activities of the Risk Management Section, the management of risk across the organisation and made relevant comments.

29/16

Scottish Household Survey

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-23-16-F), which presented the Scottish Household Survey, including reliable and up-to-date information on the composition, characteristics and behaviour of Scottish households at a national level.

The Executive Manager – Audit, Risk and Improvement introduced the report.

In response to questions, the Performance and Improvement Adviser explained that the Scottish Household Survey is undertaken by telephone, on a biannual basis, and currently provides 5 years of historical data. The participants of the survey from Shetland were selected from a wide range of the population to ensure broad representation. The Performance and Improvement Adviser advised that the website provides comparators and timelines with other local authorities.

During the discussion, reference was made to Table 10.4, "Percentage of people who agree with the statement 'I can influence decisions affecting my local area' by year", where it was suggested that the reasons for the decline trend in Shetland compared to the Scottish average could be highlighted to Policy and Resources Committee.

In response to a comment on the interesting points highlighted in the survey results and in terms of distribution, it was agreed that the survey results would be placed in the Members' Room, at Lystina House.

Decision:

The Committee noted the contents of the report.

30/16

Committee Business Programme 2016/17

The Committee considered a report by the Team Leader – Administration (GL-47-16-F), which informed of the planned business to be presented to the Committee for the remaining quarters of the current financial year 1 April 2016 to 31 March 2017 and sought discussion with Officers regarding any changes or additions required to that Programme.

During the discussion, it was agreed that the report “Sumburgh Airport” would be removed from the list of business still to be scheduled for Committee.

It was further agreed that a report on 8 North Ness would be presented to the Committee at an appropriate time.

Decision:

The Committee considered its planned business for the remaining quarters of the current financial year (1 April 2016 to 31 March 2017) and **RESOLVED** to approve the Business Programme, as amended.

The Chair thanked Mr Kenny, Deloitte, for his attendance, and on behalf the Committee, he thanked the officers who had prepared the reports for this meeting.

The Chair said that with this being the last meeting of the Committee in 2016, he took the opportunity to wish everybody Season’s Greetings.

The meeting concluded at 10.45am.

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Chair

MINUTES

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Audit Committee

Auditorium, Shetland Museum and Archives, Hay’s Dock, Lerwick
Monday 12 December 2016 at 10am

Present:

A Duncan	S Coutts
B Fox	A Manson
T Smith	

Apologies:

M Burgess M Stout
A Westlake V Wishart

In attendance (Officers):

C Ferguson, Director of Corporate Services
J Belford, Executive Manager - Finance
C McIntyre, Executive Manager – Audit, Risk and Improvement
J Jamieson, Senior Risk Management Officer
J MacLeod, Performance and Improvement Adviser
C Christie, Risk Management Officer
A Tait, Solicitor
L Adamson, Committee Officer

Also in Attendance (via VC):

P Kenny, Deloitte

Chairperson

Mr Duncan, Chair of the Committee, presided.

Circular

The circular calling the meeting was held as read.

The Chair welcomed Mr P Kenny, a Director within Deloitte, who was attending the meeting via video link, and introductions were made around the table.