

MINUTES

A & B

Audit Committee

Auditorium, Shetland Museum and Archives, Hay's Dock, Lerwick

Wednesday 21 June 2017 at 2pm

Present:

A Duncan	J Fraser
C Hughson	A Manson
S Leask	R McGregor
I Scott	C Smith

Apologies:

R Thomson

In attendance (Officers):

C Ferguson, Director of Corporate Services

J Belford Executive Manager – Finance

C McIntyre, Executive Manager – Audit, Risk and Improvement

K Adam, Solicitor

L Adamson, Committee Officer

Chairperson

Mr Duncan, Chair of the Committee, presided.

The Chair welcomed all present to the first meeting of Audit Committee in this new term of the Council.

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 8 March 2017 on the motion of Ms Manson, seconded by Mr Duncan.

04/17 Internal Audit – Annual Report 2016/17

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-12-17-F), which presented the Internal Audit activity for 2016/17.

In introducing the report, the Executive Manager – Audit, Risk and Improvement said that the assurance can be given in terms of the areas covered by Internal Audit on the assumption that Managers implement the agreed recommendations.

In response to questions, clarity was provided on the area of concern listed at 4.5 of the report, “employees who are exceeding 48 hour weekly average are not always completing the form to opt out of the working time regulations”. It was advised that that this matter had recently been discussed at CMT, where it was agreed that the Executive Manager – Human Resources would liaise with relevant Directors to ensure forms have now been signed in terms of compliance with working time regulations.

In referring to the updates provided in Section 4 of the report, on Internal Audit Resourcing and Performance, the Chair paid tribute to all the staff involved, particularly as Internal Audit had performed 92% of the 2016/17 Audit Plan. In response to a question, reassurance was given that the reduced resources within Internal Audit should not give rise to any increase in fraud, with there being policies, procedures and controls throughout the Council in terms of fraud prevention. The Executive Manager – Finance advised on an ongoing piece of work being undertaken by a Trainee Accountant on the Council’s overall approach to fraud protection and detection, which would be reported to Committee next cycle. In terms of the proposed audit activity for the year ahead, it was advised that Internal Audit has the ability to alter focus and redirect resources to do an in-depth piece of work on a potential area or risk if required.

In response to a question regarding the audit issue highlighted during the audit of the Schools Service relating to the current moratorium in relation to destruction of pupil progress records, the Executive Manager – Audit, Risk and Improvement explained that the moratorium related to an historic child abuse enquiry commissioned by the Scottish Government, which will be on hold until the enquiry is finalised.

The Chair noted the key observation during the audit of the Transport Service, and enquired why a Service Plan had not been in place for 2016/17. The Executive Manager – Audit, Risk and Improvement said that while there was no Service Plan at the time of the audit, the Service Plan had been available before the end of 2016/17.

In referring to the issues identified during the audit of Sales Invoices, the Chair sought further explanation in terms of the 4 bullet points as listed. The Executive Manager – Finance advised that the audit had covered a sample of invoices from all areas of the Council, and he provided further explanation on the discrepancies that had been identified. The Executive Manager – Finance advised on the timing issue from when the samples had been taken, and that a number of the discrepancies had been picked up during management control in the intervening period. He confirmed that guidance has been updated, and all services of the Council had been advised on the discrepancies that had been found to ensure procedures are adhered to in the future. He also gave assurance in terms of the procedural requirements as set out in the Financial Regulations, and advised on the staff training through the iLearning system to refresh knowledge and understanding of procedures to be followed. In response to a question, it was confirmed that the audit had not detected any loss of revenue.

During debate, comment was made that the questions and detailed answers provided during the discussion can give assurance that this Committee is monitoring the interests of the Council.

Decision:

The Committee NOTED the report.

05/17 **Annual Governance Statement 2016/17**

The Committee considered a report by the Executive Manager – Finance (F-056-F) which presented the Annual Governance Statement 2016/17 that will form part of the annual accounts.

The Executive Manager – Finance summarised the main terms of the report.

In response to a question, the Director of Corporate Services provided further information in terms of the recruitment process issues that had been identified, as reported on the final page of the Governance Statement.

On the motion of Mr C Smith, seconded by Mr McGregor, the Committee approved the recommendation in the report.

Decision:

The Committee RESOLVED to approve the Annual Governance Statement 2016/17.

06/17 **Internal Audit – Operational Plan 2017/18**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-13-17-F), which presented the Internal Audit Operational Plan for 2017/18.

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

In response to a question, the Executive Manager – Audit, Risk and Improvement gave assurance in terms of resources in place to undertake the revised Operational Plan for 2017/18.

On the motion of Mr McGregor, seconded by Ms Manson, the Committee approved the recommendation in the report.

Decision:

The Committee RESOLVED to approve the planned coverage for 2017/18.

The meeting concluded at 2.40pm.

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Chair

