

MINUTES

A & B

Audit Committee
Council Chamber, Town Hall, Lerwick
Thursday 31 August 2017 at 10am

Present:

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

Apologies:

None

In attendance (Officers):

J Belford Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
J Jamieson, Senior Risk Management Officer
K Johnston, Solicitor
J Macleod, Performance and Improvement Adviser
C Christie, Risk Management Officer
S Brown, Trainee Accountant
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 21 June 2017 on the motion of Mr C Smith, seconded by Mr Fraser.

07/17 **Audit Scotland and other External Audit Reports**

The Committee considered a report by the Executive Manager – Audit, Risk and Improvement (IA-19-17-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 appropriate Committees.

The Performance and Improvement Adviser introduced the report.

In referring to the various progress statements on Care Centres, which it was noted are being presented to the Clinical Care and Professional Governance Committee

(CCPGC), clarity was sought on whether there was a process where any outstanding actions would be reported back to this Committee. The Performance and Improvement Adviser advised on the current procedures that progress on the agreed action plan and any recommendations from the functional Committee/CCPGC are monitored through the links to the original reports, at Appendix 1.

In response to questions, the Performance and Improvement Adviser reported from the Policy decision, whereby officers have two cycles to respond to External Adviser reports, and the instances where “under consideration” has been reported at the Policy Statements denotes that officers are preparing the Action Plan to be reported to the relevant Committee, within that two cycle timeframe. The Performance and Improvement Adviser added that any delay in reporting within that timeframe would not necessarily signify any particular issues of concern, and that in many cases the findings can be very favourable. In that regard, the Chair commended the services where good ratings are being maintained.

During the discussion that followed, it was questioned whether the Committee would benefit from feedback, following reporting to the functional Committees, when all the actions required have been addressed. Reference was however made to the previous criticism in terms of the original detailed reporting of external audit reports to Audit Committee, in terms of duplication with the functional Committees, and to the decision to only include the links to the original report, statements and target dates. The Committee was also reminded on its responsibility in terms of delegated authority. The Executive Manager – Governance and Law said that he considered the process in place to consider External reports to be effective and that the systems of control are sufficient, and he would have concern that more detailed reporting to Audit Committee would duplicate that of the functional Committees.

In response to a suggestion for further detail at the Policy Statement rather than solely “under consideration”, the Performance and Improvement Adviser undertook to consider a more informed means of reporting in that regard.

It was questioned whether there was any alternative means of reporting to Audit Committee on any outstanding actions that have not been addressed by their target dates. Following some discussion, the Executive Manager – Governance and Law proposed that Internal Audit be tasked to undertake a routine sample of the actions followed through from external audit reports.

Decision:

The Committee NOTED the report.

08/17 **Update on Annual Risk Check Programme**

A report by the Executive Manager - Audit, Risk and Improvement (IA-17-17-F) presented an update on the 2016/17 Risk Check Programme.

The Senior Risk Management Officer introduced the report, and provided an overview of the processes involved and findings from the 2016/17 Programme.

In response to questions, the Senior Risk Management Officer advised from the Policy and the training to Managers in terms of workstation assessments. She added that advice can also be sought from the Council's Safety Section and the Building Maintenance and Risk Management services. In response to a comment regarding monitoring of workstation assessments, and whether inadequate assessments could be a factor for the increase in sickness absence, the Senior Risk Management Officer provided assurance in terms of opportunities where staff can have dialogue with managers and inform on whether their sickness absence has been work related. During the discussion, the Executive Manager – Governance and Law advised on the importance, from a legal perspective, that managers and staff have open dialogue, and he advised that the Maintaining Attendance at Work Policy is working well and is an effective system to keep sickness in check. He added that should an employee have any concern discussing a sensitive or confidential issue with their manager, an alternative service was available, through the HR Section.

In response to a question, the Senior Risk Management Officer advised on the procedures in place to follow up on any outstanding area of concern with managers, and on the reporting on the Risk Check Programme to CMT Risk Board.

Reference was made to the statement at "Key Finding 2", namely "Managers were sent information on fire procedures and the Safety Section has been asked to provide support and training where required. Building Services are reviewing and renewing Fire Risk Assessments across services", where assurance was sought in terms of any inadequacies found in those areas. The Senior Risk Management Officer said she could not comment on the quality of training, however she advised that there are requirements set out for each premises, and these cover, for example, having an appointed and trained fire warden, and the need for staff to undertake routine refresher training. The Senior Risk Management Officer reported that an audit is currently being carried out on general risk assessments and fire risk assessments, and any areas of concern would be highlighted during that process.

The Chair referred to the tragic Grenfell fire in London, and expressed his sympathy to all the families involved, and paid tribute to the bravery of the emergency services. He went on to advise of his concerns should there be a fire in one of the Care Centres in Shetland, particularly as the service profile and demographics has greatly changed over time. Although he accepted that fire procedures were in place and fire assessments were being undertaken, the Chair advised on his concern that not all the Centres in the rural areas have sprinkler systems installed. During the discussion, it was advised that fire risk assessments are carried out for the purpose of ensuring the safe operation of a building. In that regard, reference was made to the corporate Review of Risk Assessments, to be undertaken as part of Internal Audit's Operational Plan 2017/18. In response to a question, it was confirmed that the Audit would cover three Care Centres, three supported living/outreach services and the Care at Home Service across Shetland. The Chair added that he hoped the installation of sprinkler systems would be high on the agenda for Care Homes.

Comment was then made on the comprehensive report, and on the importance for risks to be identified and monitored going forward.

Decision:

The Committee NOTED the report

09/17

National Fraud Initiative – Audit Scotland Findings

The Committee considered a report by the Executive Manager – Finance (F-078-F), which provided an overview of the recommendations made within the National Fraud Initiative (NFI) report, the initial feedback from the external auditors of the Council's arrangements, and on the areas where improvements could be made.

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

In response to a question, the Executive Manager – Finance advised that the Strategy and Policy for the Prevention of Fraud and Corruption would be reported to Policy and Resources Committee in October, and a further annual report would be presented to Audit Committee on NFI and any other fraud issues identified during the year.

In responding to a question on the relatively low instances of fraud within Shetland compared to other areas of Scotland, the Executive Manager – Finance suggested that this could be attributed to the small community situation where people know each other and are aware of what is going on in their areas. He advised however on the need to continue to strive to have strong financial controls and the highest level of detection and prevention measures in place.

The Chair commented on the very comprehensive and detailed report, and thanked the officers for the work involved during the preparation of the report. In response to a question, assurance was given in terms of how any anonymous correspondence that may allude to fraudulent activity would be handled. During the discussion, it was questioned whether a system should be developed whereby any suspicions of fraud could be raised anonymously to the Council. The Executive Manager – Finance said that he was not aware of the requirement for such a system to be developed, however he undertook to have dialogue with other local authorities regarding any existing system for anonymous fraud reporting.

During the discussion, it was agreed that the completed self-appraisal checklist (Appendix 2) would form part of reporting on the NFI to Committee next year.

Decision:

The Committee NOTED the report.

10/17

Annual Accounts Nomination

The Committee considered a report by the Executive Manager – Finance (F-062-F), which sought nomination of the Depute Leader to sign the audited Annual Accounts of the Council, and of the Pension Fund, once approved, in the absence of the Leader of the Council.

The Executive Manager – Finance introduced the report.

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

Decision:

The Committee **RESOLVED** to nominate the Depute Leader to sign the audited Annual Accounts 2016/178 of Shetland Islands Council and Shetland Islands Council Pension Fund, once approved, in the absence of the Leader of the Council.

The meeting concluded at 11.05am

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Chair