

Minute

Monitoring and Audit Committee

Thursday, 7 June 2018, 10:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors John T Richards, David Dawson, Stephen G Clackson, Andrew Drever, Steven B Heddle and Stephen Sankey.

Clerk

- Sandra Craigie, Committee Clerk.

In Attendance

- Gillian Morrison, Executive Director of Corporate Services.
- Gareth Waterson, Head of Finance.
- Karen Greaves, Head of Executive Support (for Items 1 to 5).
- Gavin Mitchell, Head of Legal Services.
- Olwen Sinclair, Chief Internal Auditor.
- Malcolm Russell, Safety and Contingencies Manager (for Items 1 to 3).
- Anna Whelan, Strategy Manager.

Audit Scotland:

- Patricia Fraser, Audit Manager.
- Neil Reid, Senior Auditor.

Observing

- Peter Diamond, Head of Education (Leisure, Culture and Inclusion) (for Items 4 to 6.2).
- Roddy Mackay, Head of Planning, Development and Regulatory Services (for Items 3 to 6.1).
- David Brown, Environmental Health Manager (for Items 3 to 6.1).

Apology

- Councillor Gwenda M Shearer.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor John T Richards in the Chair.

1. Audit Scotland Management Report

After consideration of a joint report by the Chief Executive and the Executive Director of Corporate Services, copies of which had been circulated, and after hearing a report from the Audit Manager, Audit Scotland, the Committee:

Noted that Audit Scotland had completed interim audit work on the audit of the Council for the period 2017 to 2018, which had established that key controls were operating satisfactorily and that Audit Scotland was able to take assurance from that work for the audit of the Council's financial statements.

2. Local Scrutiny Plan

After consideration of a joint report by the Chief Executive and the Executive Director of Corporate Services, copies of which had been circulated, and after hearing a report from the Senior Auditor, Audit Scotland, the Committee:

Noted that, following a shared risk assessment undertaken by the local area network, comprising representatives from all scrutiny bodies who engaged with the Council, the Local Scrutiny Plan for 2018 to 2019, attached as Appendix 1 to the joint report by the Chief Executive and the Executive Director of Corporate Services, had been published.

3. Risk Management Policy and Strategy

After consideration of a report by the Executive Director of Corporate Services, copies of which had been circulated, the Committee:

Noted:

3.1. That the Risk Management Policy and Strategy was subject to review every two years.

3.2. That the Risk Management Policy and Strategy 2016 to 2018, attached as Appendix 1 to the report by the Executive Director of Corporate Services, reflected the current Council structure and how monitoring arrangements were included in the strategic planning, performance and risk management framework.

3.3. That the Risk Management Policy and Strategy 2016 to 2018 was due for review in October 2018.

The Committee resolved to **recommend to the Council:**

3.4. That, having reviewed the Risk Management Policy and Strategy 2016 to 2018, referred to at paragraph 3.2 above, it was assessed to be adequate and effective.

4. Local Code of Corporate Governance

Annual Assessment and Improvement Plan

After consideration of a report by the Executive Director of Corporate Services, copies of which had been circulated, and after hearing a report from the Strategy Manager, the Committee:

Noted:

4.1. That the Council's annual self-assessment process against the Local Code of Corporate Governance had been carried out for financial year 2017 to 2018, as part of the Council's annual review of the effectiveness of its governance framework, including the system of internal control.

4.2. That the Senior Management Team had undertaken an evaluation of the Council's compliance with the Local Code of Corporate Governance as part of the preparation of the annual Governance Statement, which formed part of the Statement of Accounts.

4.3. The Improvement Action Plan, attached as Appendix 1 to the report by the Executive Director of Corporate Services, which addressed areas of non-compliance with the Local Code of Corporate Governance.

5. Internal Audit Charter

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

5.1. That, in order to comply with the Public Sector Internal Audit Standards, an Internal Audit Charter, which defined the purpose, authority and responsibility of the Council's internal audit activity, required to be prepared.

5.2. That the existing Internal Audit Charter, approved in March 2016, required updating.

The Committee resolved to **recommend to the Council:**

5.3. That the Internal Audit Charter for 2018 to 2020, attached as Appendix 1 to this Minute, be approved.

6. Internal Audit Reports

6.1. Environmental Health – Private Water Supplies

After consideration of a report by the Chief Internal Officer, copies of which had been circulated, the Committee:

Noted:

6.1.1. That Internal Audit had undertaken an audit of the processes and procedures in place for discharging duties in respect of Private Water Supplies.

6.1.2. The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the processes and procedures in place for discharging duties in respect of Private Water Supplies.

6.1.3. That an action plan to address the improvements identified and included within the internal audit report had been agreed with the responsible officers, with the actions due to be implemented by April 2019.

The Committee resolved to **recommend to the Council**:

6.1.4. That, having reviewed the audit findings referred to at paragraph 6.1.2 above, assurance was obtained that action had been taken or agreed where necessary.

6.2. School Funds

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

6.2.1. That Internal Audit had undertaken a review of procedures followed for managing school funds.

6.2.2. The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the procedures followed for managing school funds.

The Committee resolved to **recommend to the Council**:

6.2.3. That, having reviewed the audit findings referred to at paragraph 6.2.2 above, assurance was obtained that action had been taken or agreed where necessary.

6.3. Finance Systems

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Noted:

6.3.1. That Internal Audit had tested key controls within the main financial systems in order to provide assurance for the Governance Statement for 2017 to 2018.

6.3.2. The findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the testing of key controls within the main financial systems.

The Committee resolved to **recommend to the Council**:

6.3.3. That, having reviewed the audit findings referred to at paragraph 6.3.2 above, assurance was obtained that action had been taken or agreed where necessary.

7. Conclusion of Meeting

At 11:25 the Chair declared the meeting concluded.

Signed: J T Richards.