

# **MORAY COUNCIL**

## **Minute of Meeting of the Audit and Scrutiny Committee**

**Wednesday, 22 August 2018**

**Council Chambers, Council Office, High Street, Elgin, IV30 1BX**

### **PRESENT**

Councillor Frank Brown, Councillor Theresa Coull, Councillor John Cowe, Councillor Lorna Creswell, Councillor Tim Eagle, Councillor Ryan Edwards, Councillor Claire Feaver, Councillor Donald Gatt, Councillor Marc Macrae, Councillor Aaron McLean, Councillor Amy Patience, Councillor Derek Ross

### **APOLOGIES**

Councillor James Allan

### **IN ATTENDANCE**

Ms M Bruce, External Auditor; Ms L Paisey, Head of Financial Services; Mr A Scott, Audit Manager; Mr D Lewis, Senior Auditor; Mr R Huggan, Commissioning and Performance Manager and Mrs Caroline Howie, Committee Services Officer as Clerk to the Meeting.

### **ALSO PRESENT**

Councillor Leadbitter (ex-officio)

## **1 Declaration of Group Decisions and Members Interests \***

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from Group Leaders or Spokespersons in regard to any prior decisions taken on how members will vote on any item on the agenda or any declarations of member's interests in respect of any item on the agenda.

## **2 Written Questions \*\***

The Committee noted that no written questions had been submitted.

## **3 Minute of Meeting dated 23 May 2018**

The Chair thanked Councillor Aaron McLean as the outgoing Chair for his time as Chair of the Committee and asked him to present the previous Minute.

Councillor Aaron McLean wished the Chair well on his new role and thanked officers for their help during his time as Chair.

Thereafter the Minute of the meeting of the Audit and Scrutiny Committee dated 23 May 2018 was approved.

## **4 Correction**

The Chair advised that the appendix for item 9 "Statement of Outstanding Business" was marked as item 8 and assured all that it was the correct appendix which had been incorrectly numbered.

## **5 Audit Scotland - Management Report 2017-18**

A report by the Corporate Director (Corporate Services) provided the Committee with a copy of the External Auditor's management report for 2017/18.

The Chair took the opportunity to welcome Ms Bruce, External Auditor, and opened the report for discussion.

In response to a query from Councillor Creswell the Council Leader advised there was a meeting of Group Leaders scheduled for 23 August and the formation of a cross-party group was on the agenda for discussion.

In response to a query from Councillor Feaver the External Auditor advised that for the purposes of expressing an opinion on the financial statement, controls and operations could be found to be satisfactory or requiring improvement. The fact that the majority of the controls and operations had been found to be satisfactory means they can be relied on and that no further work is required.

Councillor Brown sought the External Auditors opinion on the financial sustainability arrangements of the Council and if she was of the opinion that the Council should consider putting a moratorium on spending. He further sought clarification on her opinion of the transform agenda and asked her to comment on the efficacy of its success.

In response the External Auditor advised that as auditors they did not get involved in the running of councils and decisions to be made were for those charged with governance which is all the Councillors in the organisation. She advised they could recommend that a financial strategy be put in place, however it was not for them to suggest what that strategy should be. She further advised her review of the transformation programme had been at a high level and she was not in a position to state whether she was of the opinion it would be effective or not.

Discussion took place on the transparency of current and historical internal audits. Following discussion of what constituted historical it was agreed the internal auditor would review the feasibility of providing information for the previous two years and issuing a link to Committee.

In response to a query from Councillor Gatt on the inclusion of family interests on Registers of Interest the Chief Executive undertook to seek clarification from the Head of Legal Services.

Councillor Feaver sought clarification on Registers of Interest in relation to staff hospitality and whether in the interests of transparency information could be made public.

In response the Chief Executive advised he would investigate what was available.

Thereafter Committee agreed to:

- i. note the contents of the External Auditor's Management Report for 2017/18;
- ii. task the Audit Manager with ensuring full internal audit reports be placed on the Members portal and sending links to the Committee;
- iii. task the Audit Manager with checking the feasibility of providing historical audit reports to Committee;
- iv. task the Chief Executive with seeking clarification from the Head of Legal Services on the inclusion of family interests on Registers of Interest; and
- v. task the Chief Executive with investigating what information is available on staff hospitality.

## **6 Report on the Work of the Internal Audit Section 1 January-31 March 2018**

A report by the Corporate Director (Corporate Services) advised Committee on the work of the Internal Audit Section for the period from 1 January 2018 to 31 March 2018.

Councillor Feaver was of the opinion appendix 2 of the report, in relation to the audit of Elgin High School, did not give Committee enough information on how the school develops, monitors and controls its £2.9 million budget and sought clarification on the possibility of seeing all the information behind the executive summary.

In response the Audit Manager advised that behind the summary report there is an audit report as well as supporting audit working papers that contain findings from the audit work completed. He was of the opinion it would not be feasible or usual to distribute that level of detail. He further advised reporting of findings is by exception and links to the recommendations made. He also noted that the £2.9 million was mainly staffing costs however if required it would be possible to give further detail on what it covered.

Councillor Gatt sought clarification on whether purchasing cards had individuals names on them as if for an individual then they should be responsible for the spend on the card.

In response the Audit Manager advised purchasing cards were numbered and did not have names on them, however the number can be tracked to a particular employee. The employee can use the card but authorisation has to be by a manager.

In response to a further query from Councillor Gatt the Audit Manager advised that where possible contracts for supplied etc. were in place however as this related to a home there were some items that would always be required on an ad hoc basis and therefore purchasing cards were used.

Councillor Brown sought clarification on whether the costs of implementing

recommendations were considered prior to recommendations being made.

In response the Audit Manager advised that his role is to advise on issues for managers to consider; managers can review the recommendations and if they are of the opinion implementing a recommendation would be cost prohibitive they can advise the auditor they are unwilling to implement it or they can refer the matter to a service committee with a view to obtaining budget to implement the requirement.

Councillor Aaron McLean was of the opinion it was incumbent on the Audit Manager to report findings and audit recommendations that have potential cost implications and for managers and Councillors to determine if any spend involved is cost beneficial.

Thereafter the Committee agreed to note the report.

## **7 Internal Audit Annual Report 2017-18**

A report by the Corporate Director (Corporate Services) provided Committee with a copy of the Internal Audit Annual Report for the year ended 31 March 2018, together with the internal audit manager's opinion on the adequacy and effectiveness of the Council's system of internal control.

Following consideration Committee agreed to note the contents of the annual report given as appendix 1 of the report.

## **8 The National Fraud Initiative in Scotland**

Under reference to paragraph 4 of the Minute of the meeting dated 8 November 2017 a report by the Corporate Director (Corporate Services) provided Committee with information from Audit Scotland's recently published report on the National Fraud Initiative.

Following consideration the Committee agreed to note the outcome from the Audit Scotland report and the Council's responses to recommendations therein.

## **9 Statement of Outstanding Business**

Following consideration of progress and timescales in relation to follow-up reports and actions requested by Committee at previous meetings Committee agreed to note a report by the Chief Executive.

## **10 Question Time \*\*\***

There were no questions raised.