

AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 20 November 2014. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor McCaig, Convener; Councillor Yuill, Vice-Convener; and Councillors Cooney, Cormie (as substitute for Councillor Cameron), Crockett, Donnelly, Jackie Dunbar, Graham, Greig, Lawrence, May, Jean Morrison MBE, Nathan Morrison, Noble, Reynolds, Townson and Young (as substitute for Councillor Malik).

The agenda and reports associated with this minute can be located at the following link:

<http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=507&MId=3489&Ver=4>

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MINUTE OF MEETING OF AUDIT AND RISK COMMITTEE 23 SEPTEMBER 2014

1. The Committee had before it the minute of meeting of the Audit and Risk Committee of 23 September 2014.

The Committee resolved:-

to approve the minute as a correct record.

SPECIAL AUDIT AND RISK COMMITTEE MINUTE OF MEETING OF 25 SEPTEMBER 2014

2. The Committee had before it the minute of meeting of the Special Audit and Risk Committee of 25 September 2014.

The Committee resolved:-

to approve the minute as a correct record.

WORKPLAN

3. The Committee had before it a workplan prepared by the clerk which set out the future schedule of reports.

The Committee resolved:-

to note the workplan.

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PROGRESS OF COMMITTEE DECISIONS - CG/14/160

4. The Committee had before it a report by the Acting Director of Corporate Governance which provided an update on progress made with previous Committee decisions.

In relation to the action plan associated with the analysis carried out for Service and Corporate Inductions, Councillor Graham sought clarification on whether the recommendations contained within the action plan had been agreed by the Service and who would be implementing them.

The report recommended:

that the Committee note the content of the report and the analysis data provided in relation to Service and Corporate Induction.

The Committee resolved:-

- (i) in relation to a question from Councillor Graham relating to whether the recommendations contained within the action plan had been agreed, to note that the Head of Legal and Democratic Services would liaise with the Service and provide a response to the Committee; and
- (ii) to otherwise note the content of the report.

DECISION TRACKING SHEET

5. The Committee had before it the decision tracking sheet for the Committee as prepared by the clerk.

In relation to item 2 (Community Centre Internal Audit Report), Councillor Noble sought clarification as to whether the Service had met with the legal team to discuss the arrangements for PVG checks for Community Centre Management Committees as this had been identified as being required urgently.

The Committee resolved:-

- (i) in relation to a question from Councillor Noble relating to item 2 (Community Centre Internal Audit Report) and whether the Service had met with the Legal team to discuss the arrangements for PVG checks for the management committees, to note that the Head of Legal and Democratic Services would liaise with the staff involved and provide a response to the Committee;
- (ii) to remove items 1 (System of Risk Management), 3 (Sourcing and Management of Agency Staff – Internal Audit Report), 6 (Service and Corporate Induction) and 9 (Supply and Delivery of Internal Audit Services); and
- (iii) to otherwise note the decision tracking sheet.

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ELECTED MEMBER DEVELOPMENT - CG/14/095

6. With reference to article 4 of the minute of the Audit and Risk Committee of 23 September 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the development of members of this Committee.

Councillor Noble sought information on how many Councillors were still to be trained and when the visits to other Audit Committees would likely take place, whereupon, the Corporate Performance Manager advised that two Councillors were still to be trained in all aspects and that the visit to other Audits Committees may not be required due to the improved performance of the Committee discharging its functions.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

- (i) to note that in relation to the training there were 2 Councillors still to be fully trained and that the visit to other Audit Committees may no longer be required due to the improved performance of the Committee discharging its functions;
- (ii) to otherwise note the content of the report.

INTERNAL AUDIT PROGRESS AND PERFORMANCE

7. The Committee had before it a report by PricewaterhouseCoopers which presented the progress against the 2014/15 Internal Audit Plans.

The Committee resolved:-

to note the content of the report.

EXTERNAL AUDIT PROGRESS AND PERFORMANCE

8. The Committee had before it a report by the External Auditor which provided an update on progress with the external audit of the 2013/14 financial year.

The Committee resolved:-

to note the content of the report.

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TRANSFER OF INTERNAL AUDIT SERVICES - CG/14/131

9. With reference to article 22 of the minute of meeting of the Audit and Risk Committee of 23 September 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the arrangements being put in place to manage the transition to a shared Internal Audit Service with Aberdeenshire Council.

Councillor Noble sought clarification in relation to the communication between the Chief Internal Auditor and the Convener of this Committee, whereupon the Corporate Performance Manager advised that there would be an open dialogue between both parties and that the Chief Internal Auditor would be present at future pre-agenda meetings.

The report recommended:

that the Committee -

- (a) note the ongoing work to manage the transition from an outsourced internal audit service to a shared service between Aberdeen City and Aberdeenshire Councils; and
- (b) note that a further report would be submitted to this Committee on 26 February 2015.

The Committee resolved:-

- (i) in relation to a question from Councillor Noble regarding communication between the Convener of this Committee and the Chief Internal Auditor, to note that the Chief Internal Auditor would be present at pre-agenda meetings and there would be open dialogue between both parties; and
- (ii) to otherwise approve the recommendations contained in the report.

DATA PROTECTION REPORTING - JULY TO SEPTEMBER - CG/14/139

10. With reference to article 8 of the minute of meeting of the Audit and Risk Committee of 23 September 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an overview of (1) Subject Access Requests, (2) Data Breaches and Near Misses, (3) Data Protection Training and provided a general update for the reporting period July to September 2014.

Councillor Graham requested further information relating to Data Protection training for staff, whereupon the Head of Legal and Democratic Services advised that the concerns would be discussed with the Corporate Management Team to ensure appropriate action was taken.

Councillor Nathan Morrison sought further information in relation to an incident of theft of information, whereupon the Head of Legal and Democratic Services advised that the

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information could not be released in the public domain and that the details would be disclosed under the Matters Under Investigation item on the agenda (article 23 of this minute).

The Convener sought clarification over the low number of fees charged for Subject Access Requests, whereupon the Head of Legal and Democratic Services advised that she would liaise with the staff involved and provide a response to the Committee.

The report recommended:

that the Committee note the report.

The Committee resolved:-

- (i) in relation to a question from Councillor Graham regarding concerns over Data Protection training for staff, to note that the issue would be discussed with the Corporate Management Team so that appropriate action can be taken;
- (ii) in relation to a question from Councillor Nathan Morrison, regarding the details of the theft of information category, to note that the information could not be disclosed in the public domain and that details would be provided under Matters Under Investigation (article _ of this minute);
- (iii) in relation to a question from the Convener regarding the low number of fees charged for Subject Access Requests, to note that the Head of Legal and Democratic Services would liaise with the staff involved and provide a response to the Committee; and
- (iv) to otherwise note the content of the report.

SOCIAL CARE AND WELLBEING RISK REGISTER - SCW/14/032

11. With reference to article 9 of the minute of meeting of the Audit and Risk Committee of 23 September 2014, the Committee had before it a report by the Director of Social Care and Wellbeing which presented the Risk Register for the Social Care and Wellbeing Service.

The Convener sought an assurance that the content of the Risk Register would be monitored and managed appropriately once the Service split into the new Directorates.

The report recommended:

that the Committee -

- (a) approve the Service Risk Register for Social Care and Wellbeing;
- (b) note the risks contained within the risk register and the mitigating actions that the Service were taking to address the risks; and
- (c) note that the Service Risk Register formed an integral part of the Service Business Plan and Strategy Map for the Service.

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The Committee resolved:-

- (i) to note that all risk registers would be discussed at the Corporate Management Team to ensure that they continued to be monitored and assigned to the new Services when they were fully established; and
- (ii) to otherwise approve the recommendations contained in the report.

COMPLIANCE WITH PUBLIC RECORDS

12. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design of the Council's Record's Management Business Plan which was required to be sent to the Keeper of Records of Scotland in November 2014. The Internal Auditor advised that there would be further audit undertaken in 2015 to assess the plans for monitoring the policies and procedures in place and to seek assurance that the plan had been embedded throughout the Council.

The Committee resolved:-

to note the content of the report and endorse the recommendations for improvement.

COMPLIANCE WITH LAWS AND REGULATIONS

13. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the controls in place to mitigate against risks to the Council.

The Committee resolved:-

to note the content of the report and endorse the recommendations for improvement.

FRAUD GOVERNANCE - HOUSING TENANCY AND SCOTTISH WELFARE FUND

14. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of controls for the prevention and detection of fraud in housing tenancy and the Scottish Welfare Fund.

Councillor Jackie Dunbar sought an indication as to whether the advisory recommendations in relation to the Scottish Welfare Fund would be implemented and if so requested that dates be advised for their completion.

The Committee resolved:-

- (i) in relation to a question from Councillor Jackie Dunbar regarding which if any of the recommendations relating to the Scottish Welfare Fund would be implemented, to request officers to submit a report to this Committee in February

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2015 advising which recommendations had been accepted and the timescales for completion; and

- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

TRANSPORT CONTRACTS WITHIN EDUCATION AND SOCIAL WORK

15. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the key controls in relation to the Council's transport contracts for Education and Social Care. The Internal Auditor advised that the target date for the documentation of spot checks control design was 31 December 2014.

The Committee resolved:-

- (i) to note that the target date for documentation of spot checks – control design was 31 December 2014; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

PROCUREMENT CONTROLS OUTWITH PECOS

16. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the key procurement controls in place over the Consilium (Building Services) and Capita (Library Services) systems. The Internal Auditor advised that meetings had taken place with management and that the report would be re-issued to the Service to reflect the outcome of those discussions.

The Committee resolved:-

- (i) to note the update provided in relation to meetings with management and management comments and that the report would be re-issued to the Service to reflect the outcome of the discussions; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

DEVOLVED SCHOOL MANAGEMENT PHASE 1

17. The Committee had before it a report by PricewaterhouseCoopers which presented details of the gap analysis carried out in relation to the Council's Devolved School Management documentation which was compared to the Scottish Government's guidance on Devolved School Management. The Internal Auditor advised that the

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documentation in place required to be updated. The Head of Policy, Performance and Resources advised that the documentation was being reviewed and would be submitted to the Education, Culture and Sport Committee at the earliest opportunity in the New Year.

The Committee resolved:-

- (i) to note that the Devolved School Management Scheme would be updated and submitted to the Education, Culture and Sport Committee at the earliest opportunity in the new year; and
- (ii) to otherwise note the content of the report.

REPORT ON THE 2013/14 AUDIT

18. The Committee had before it a report by the External Auditor which provided a summary of their findings arising from the 2013/14 audit of Aberdeen City Council and provided the auditor opinion and conclusions for the audit.

Councillor Townson sought information in relation to Holiday Pay Arrears and when this would be concluded, whereupon the Head of Finance advised that a report would be submitted to the Finance, Policy and Resources Committee on 4 December 2014 which would outline the current position and the costs associated with the payment of the arrears.

The Committee resolved:-

- (i) in relation to a question from Councillor Townson regarding Holiday Pay Arrears, to note that a report would be submitted to the Finance, Policy and Resources Committee on 4 December 2014 which would outline the position and costs;
- (ii) to note that the 2013/14 financial statements for the Council received an unqualified audit opinion; and
- (iii) to otherwise note the content of the report.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

19. The Committee had before it a report by PricewaterhouseCoopers which provided an update on the progress of implementing Internal Audit, External Audit and other investigations recommendations included within reports previously approved by the Audit and Risk Committee.

The report recommended:

that the Committee consider the report and request actions or explanations as appropriate.

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The Committee resolved:-

to note the content of the report and the revised target dates provided by officers.

UK INFORMATION COMMISSIONER (ICO) DATA PROTECTION AUDIT - PROGRESS WITH AGREED ACTIONS - CG/14/132

20. With reference to article 20 of the minute of meeting of the Audit and Risk Committee of 23 September 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the progress with implementing the actions agreed following the UK Information Commissioner's Office (ICO) Audit of the Council's Data Protection arrangements which was published in June 2013.

The report recommended:

that the Committee -

- (a) note the progress with implementing the actions agreed following the Data Protection Audit; and
- (b) instruct officers to report progress with the implementation of the actions to the Committee as appropriate until complete.

The Committee resolved:-

to approve the recommendations contained in the report.

WHISTLEBLOWING POLICY - SCOTTISH GOVERNMENT PETITION - CG/14/145

21. The Committee had before it a report by the Acting Director of Corporate Governance which presented the outcome of the Scottish Parliament Public Petitions Committee's consideration of a petition on whistleblowing in local government.

The report recommended:

that the Committee -

- (a) note the decision of the Public Petitions Committee not to proceed with the whistleblowing petition as it was largely about policies which were matters for councillors, and that the Audit Scotland and Accounts Commission, who were responsible for auditing such policies, had not found any weakness which would require to be raised in an annual report; and
- (b) note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

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CORPORATE HEALTH AND SAFETY COMMITTEE REPORTING ARRANGEMENTS - CG/14/136

22. The Committee had before it a report by the Acting Director of Corporate Governance which advised on the reporting process between the Corporate Health and Safety Committee and this Committee and sought approval of the revised Constitution for the Corporate Health and Safety Committee.

The Convener sought agreement to amend the membership of the Corporate Health and Safety Committee to be five members, with at least one member from the Audit, Risk and Scrutiny Committee.

Councillor Young sought clarification as to whether there was provision for Regional Trade Union representatives to attend the Corporate Health and Safety Committee. The Committee heard from the Chief Executive who advised that the Regional Officers had other means in which to discuss health and safety issues with the Council. The Committee agreed that the issue be referred to the Local Government Employees Joint Consultative Committee was their consideration.

The report recommended:

that the Committee -

- (a) approve the amended constitution for the Corporate Health and Safety Committee; and
- (b) note the content of the report.

The Committee resolved:-

- (i) to amend the Constitution at section 3.1 to read 'Five Councillors, with at least one member from the Audit, Risk and Scrutiny Committee' and at section 3.2 to state that 'Lay Trade Union Officials can attend and participate, without voting powers, at any meeting;
- (ii) in relation to a question from Councillor Young regarding whether Regional Trade Union representatives could attend the Corporate Health and Safety Committee, to refer the request to the Local Government Employees Joint Consultative Committee for their consideration with a report then submitted to this Committee advising of the decision; and
- (iii) to otherwise note the content of the report.

Exempt Information

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public from the meeting during consideration of the remaining item of business (article 23) so as to avoid disclosure of exempt information of the class described in paragraph 12 of Schedule 7(A) of the Act.

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MATTERS UNDER INVESTIGATION

23. With reference to article 10 of this minute, the Head of Legal and Democratic Services provided the Committee with the details of the theft of information and the outcome of the investigation and remedial actions.

The Committee resolved:-

to note the information provided by the Monitoring Officer in relation to a Data Protection breach.

- CALLUM MCCAIG, Convener.