

AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 26 February 2015. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor McCaig, Convener; Councillor Yuill, Vice-Convener; and Councillors Cameron, Cooney, Crockett, Donnelly, Jackie Dunbar, Graham, Greig, Kiddie (as substitute for Councillor May), Lawrence, Malik, Jean Morrison MBE, Nathan Morrison, Noble, Reynolds and Townson.

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=3490&Ver=4>

Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.

DETERMINATION OF EXEMPT BUSINESS

1. Prior to consideration of the matters before it, 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 for article 30 so as to avoid disclosure of exempt information of the class described in paragraph 12.

MINUTE OF PREVIOUS MEETING OF 20 NOVEMBER 2014

2. The Committee had before it the minute of its previous meeting of 20 November 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.

DECISION TRACKING STATEMENT

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

The Committee resolved:-

- (i) to remove items 3 (Social Care and Wellbeing Contracts Workplan), 5 (Complaints Handling Procedure), 6 (Progress of Committee Decisions), 7 (Data Protection Monitoring) and 10 (Corporate Health and Safety Committee – Reporting Arrangements); and
- (ii) to otherwise note the decision tracking sheet.

MINUTE OF MEETING THE CORPORATE HEALTH AND SAFETY COMMITTEE OF 29 AUGUST 2014

5. The Committee had before it the minute of meeting of the Corporate Health and Safety Committee of 29 August 2014.

The Committee resolved:-

to note the minute.

ELECTED MEMBER DEVELOPMENT - CG/14/095

6. With reference to article 6 of the minute of its previous meeting of 20 November 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.

The report recommended:

that the Committee note the content of the report.

Councillor Dunbar sought clarification as to whether the training would be offered to all Elected Members as previously discussed, whereupon the Community Planning and Corporate Performance Manager advised that the training would be offered to all Elected Members and that dates for this would be organised.

The Committee resolved:-

- (i) in relation to a question from Councillor Jackie Dunbar regarding training for all elected members, to note that the training would be implemented for all elected members and that dates would be organised and issued to those not previously trained; and
- (ii) to otherwise approve the recommendation contained in the report.

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DATA PROTECTION REPORTING - OCTOBER TO DECEMBER 2014 - CG/15/21

7. With reference to article 10 of the minute of its previous meeting of 20 November 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an overview of (1) Subject Access Requests Statistics; (2) Data Breaches and Near Misses; (3) Data Protection Training; and (4) a general update for the period October to December 2014.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

TRANSFER OF INTERNAL AUDIT SERVICES - CG/15/23

8. With reference to article 9 of the minute of its previous meeting of 20 November 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the arrangements to manage the transition to a shared Internal Audit Service with Aberdeenshire Council.

The report recommended:

that the Committee note the ongoing work to manage the transition from an outsourced internal audit service to a shared service between Aberdeen City and Aberdeenshire Councils.

The Committee resolved:-

to approve the recommendation contained in the report.

INTERNAL AUDIT PLAN 2015/16

9. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit Plan for 2015/16.

The report recommended:

that the Committee approve the attached Internal Audit Plan for 2015/16.

The Committee resolved:-

to approve the recommendation contained in the report.

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INTERNAL AUDIT CHARTER

10. The Committee had before it a report by the Chief Internal Auditor which sought approval for amending the Internal Audit Charter from 1 April 2015.

The report recommended:

that the Committee approve the attached Internal Audit Charter for implementation from 1 April 2015.

The Committee resolved:-

to approve the recommendation contained in the report.

INTERNAL AUDIT PROGRESS AND PERFORMANCE

11. The Committee had before it a report by PricewaterhouseCoopers which presented the progress against the 2014/15 Audit Plan.

Councillor Dunbar sought clarification in relation to the audit for Car Parking as the report stated it was complete in September 2014 however some of the fields had not been marked as complete. PricewaterhouseCoopers advised that this was an error and that the report had been fully completed and had been presented to the Audit and Risk Committee on 23 September 2014.

The Committee resolved:-

- (i) in relation to a question from Councillor Jackie Dunbar regarding the audit on Car Parking, to note that there was an error in the report and that it had been completed and issued to the Audit and Risk Committee on 23 September 2014; and
- (ii) to otherwise note the content of the report.

EXTERNAL AUDIT PLAN 2014/15

12. The Committee had before it a report by the External Auditor which presented the External Audit Plan for 2014/15.

The Committee resolved:-

to approve the External Audit Plan for 2014/15.

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HEALTH AND SAFETY ASSURANCE

13. The Committee had before it a report by the Acting Director of Corporate Governance which presented a holistic structured compliance assurance system to test the effectiveness of the organisations health and safety arrangements and sought approval for the Health and Safety Assurance Plan for 2015/16.

The report recommended:

That the Committee -

- (a) adopt the proposed holistic structured compliance assurance system; and
- (b) approve the Health and Safety Assurance Work Plan for 2015/16.

The Committee resolved:-

to approve the recommendations contained in the report.

SYSTEM OF RISK MANAGEMENT - CG/15/23

14. The Committee had before it a report by the Acting Director of Corporate Governance which presented the Council's Risk Management Strategy which supported the further development of the System of Risk Management.

The report recommended:

That the Committee -

- (a) approve the Risk Management Strategy;
- (b) note the further developments in the System of Risk Management; and
- (c) instruct any other action as appropriate.

The Committee resolved:-

to approve the recommendations contained in the report.

EDUCATION AND CHILDREN'S SERVICES RISK REGISTER - ECS/15/008

15. With reference to article 9 of the minute of the Audit and Risk Committee of 23 September 2014, the Committee had before it a report by the Director of Education and Children's Services which presented the Service Risk Register.

The report recommended:

That the Committee -

- (a) approve the Service Risk Register for Education and Children's Services;

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- (b) note the risks contained within it and the mitigating actions that the service are taking to address those risks; and
- (c) note that the Service Risk Register would form an integral part of the Service Business Plan for the Service.

Councillor Cameron sought clarification in relation to the risks identified at section 5.5 in the report, whereupon the Transitional Director advised that there were two systems running at present and the risks had been identified to ensure that continuity remained whilst the new system was implemented on a phased basis.

Councillor Greig sought assurance that the risks identified for vulnerable children were being managed as a high priority within the Service and by the Corporate Management Team, wherein the Transitional Director advised that thematic groups had been set up to work on these risks alongside management.

The Committee resolved:-

- (i) to note the additional provided in relation to the questions from Councillors; and
- (ii) to otherwise approve the recommendations contained in the report.

ICT DISASTER RECOVERY

16. The Committee had before it a report by PricewaterhouseCoopers which presented an audit of the ICT Disaster Recovery which focused on the policies and plans in place across ICT to address a disaster recovery incident.

The Committee resolved:-

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

ICT ASSET MANAGEMENT

17. The Committee had before it a report by PricewaterhouseCoopers which presented an audit which assessed the maintenance of the ICT assets and how they aligned with the Council's corporate strategies.

Councillor Jackie Dunbar sought clarification in relation to ICT equipment for staff and who was responsible for advising ICT who it had been allocated to, wherein the IT Manager advised that managers ordered the equipment and they should then notify ICT who it had been allocated to.

Councillor Cooney sought clarification in relation to how often ICT undertook a stock check of their assets, wherein the IT Manager advised that the stock check were done on a monthly basis.

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The Committee resolved:-

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

CARE FIRST BUDGETARY CONTROL AND FORECASTING

18. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the processes and controls on place over the CareFirst System which is the system used for recording care provision within the Social Care and Wellbeing Service.

The auditors advised that the Service had requested a review into the CareFirst System to help identify areas for improvement.

Councillor Kiddie sought assurance that the issues were being addressed and enquired as to whether a report would be issued to this Committee or a Service Committee to ensure the issues are being addressed. The Transitional Director advised that (1) a report would be issued to the appropriate Committee or the Integration Board at a later date; (2) there were capacity issues within the Older People's Service; (3) the audit has helped to identify the correct level of staff to be inputting the data into the system to ensure the skill mix within the team are used appropriately; and (4) the issues were being taken seriously and that a short term working group had been established to work through the issues and to make the necessary improvements.

The Head of Finance advised that there was a project plan in place to move away from Care First to another system and that the first trial of the new system had been completed.

Councillor Cameron raised concerns in relation to the care packages not being updated in the System and that this required to be dealt with. The Transitional Director advised that there were capacity issues and each care Manager had to update the packages and the costs for the care package and that this was something that would be looked at by the short term working group.

The Committee resolved:-

- (i) in relation to concerns with the system, to request that a report be provided in the first instance to this Committee following the completion of the work by the Short Term Working Group; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

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DECLARATIONS OF INTEREST

Councillors Donnelly and Kiddie declared an interest in the subject matter of the following article by virtue of their position as Council appointed board members of Aberdeen Performing Arts and withdrew from the meeting during consideration of the item.

Councillor Jean Morrison, MBE declared an interest in the subject matter of the following article by virtue of her position as Council appointed board member of Aberdeen Heat and Power and withdrew from the meeting during consideration of the item.

ARMS LENGTH EXTERNAL ORGANISATIONS TIER 2 REVIEW

19. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operation governance arrangements in place for the Tier 2 Arm's Length External Organisations: Aberdeen Performing Arts and Aberdeen Heat and Power.

Councillor Noble referred to the changes required to reflect the Following the Public Pound guidance and enquired as to whether this was on track. The Head of Finance advised that this work had already started and would be issued to the Service soon and consultation would commence with each of the ALEO'S.

Councillor Jackie Dunbar enquired as to when the Service Level Agreement was signed with Aberdeen Performing Arts. The Cultural Policy and Partnership Manager advised that it was signed in 2004 and that she was currently working with colleagues from Legal Services to get the Service Level Agreements updated. The Legal Manager advised that (1) each of the ALEO's required to have their own controls in place and that the Council required to be satisfied that they were operating within the governance arrangements in place; and (2) each ALEO would be reviewed and an update provided within two cycles on the current position.

The Committee resolved:-

- (i) to request officers to provide an update on the situation with the updated Service Level Agreements (SLAs) with each of the Arm's Length External Organisations (ALEOs) within two committee cycles;
- (ii) to note the content of the report and endorse the recommendations for improvement.

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CONTINUOUS CONTROLS - FINANCIAL CONTROLS PROGRAMME PHASE 1

20. The Committee had before it a report by PricewaterhouseCoopers which presented an audit on continuous auditing of key financial controls to assess if they were operating effectively. The audit would be carried out and reported on a six monthly basis.

Councillor Jackie Dunbar sought clarification over the statement relating to all 25 of the bank reconciliations that were sampled did not take place in a timely manner. The Head of Finance advised that he was not aware of any issues and that he would liaise with staff and provide a response.

The Committee resolved:-

- (i) in response to a question from Councillor Jackie Dunbar relating to bank reconciliations not taking place in a timely manner, to note that the Head of Finance would liaise with staff and provide a response; and
- (ii) to note the content of the report and endorse the recommendations for improvement.

SERVICE REVIEWS (CARE USERS)

21. The Committee had before it a report by PricewaterhouseCoopers which presented an audit to assess compliance with policies and procedures in relation to scheduled service reviews for care users within the Adult and Older People Sector in terms of responsibilities and timeframes.

Councillor Kiddie sought assurance that all staff had been or were in the process of being trained to ensure the system was working as satisfactory as possible. The Transitional Director advised that she would undertake a review and ensure those requiring training received it.

The Transitional Director explained the process for carrying out a formal review and advised that people were assessed based on their needs.

Councillor Cooney requested information on the level of induction and continuing training for staff to develop their professional skills. The Transitional Director advised that (1) all employees would attend the Corporate Induction programme however this would be after the employee had started working; (2) that all new starts would be shown what to do and the processes explained to them from existing staff and managers; and (3) there was a wide ranging programme for development available to all staff.

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The Committee resolved:-

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

DECLARATIONS OF INTEREST

Councillors Cooney and Kiddie declared an interest in the following item of business due to their appointment as Trustees on the Aberdeen Internal Youth Festival and withdrew from the meeting during consideration of the item.

ABERDEEN INTERNATIONAL YOUTH FESTIVAL - FOLLOWING THE PUBLIC POUND

22. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the funding provided to the Aberdeen Internal Youth Festival and its compliance with the Council's Funding External Bodies and Following the Public Pound Guidance. The term of reference for the audit was to look at the sub-processes of Governance Arrangements, Monitoring Arrangements and Payments.

The Internal Auditor advised that they were limited in the scope and that if the Committee wanted a more detailed audit carried out then they could request this.

Councillor Noble sought assurance that all of the recommendations identified for the end of the financial year would be completed. The Head of Finance advised that the Service Level Agreement was with Legal Services and that the other actions were being dealt with by the Finance team and would be completed on time.

Councillor Yuill requested that a more detailed review internal to the organisation be undertaken and that a report containing both financial and governance arrangements is presented to this Committee. The Head of Finance advised that he would liaise with the Chief Executive regarding her findings into the matter.

The Committee resolved:-

- (i) to note the content of the report and endorse the recommendations for improvement; and
- (ii) to request officers to submit a report on the governance and financial arrangements between the Council and the Aberdeen International Youth Festival at the earliest opportunity.

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FLEET UPDATE FOLLOWING THE PUBLIC INQUIRY ON 19 DECEMBER - CHI/15/135

23. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which (1) provided details of the Traffic Commissioners concerns which led to the Public Inquiry into the Council's Goods Vehicles Operator's Licence; and (2) provided an overview of the issues, other operational service issues associated with fleet management and the proposed and current measures put in place to deal with all of these.

The report recommended:

That the Committee -

- (a) note the content of the report;
- (b) instruct the Head of Public Infrastructure and Environment to bring a report to the next meeting of this Committee which provides details of the Fleet Services Action Plan that has been put in place to deal with service issues; and
- (c) instruct the Head of Public Infrastructure and Environment to update future meetings of the Communities, Housing and Infrastructure Committee of the progress made on the Fleet Services Action Plan.

The Head of Public Infrastructure and Environment provided assurance to the Committee that all issues identified within the Traffic Commissioners report were being investigated and actions were being put in place to address them.

The Committee resolved:-

to approve the recommendations contained in the report.

AUDIT FOLLOW UP

24. The Committee had before it a report by PricewaterhouseCoopers which provided an update on the progress on implementing Internal Audit, External Audit and other investigations recommendations included within previously approved reports which were due for implementation prior to 31 December 2014.

The Committee were advised that there was an error in the report and that item 4 relating to the Aberdeen Western Peripheral Route had been completed.

The report recommended:

that Members consider the report and request actions or explanations where appropriate.

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Members requested that Services ensure that all recommendations are actioned within the appropriate time.

The Committee resolved:-

- (i) to note that item 4 (Aberdeen Western Peripheral Route) had been completed; and
- (ii) to otherwise note the content of the report and the revised target dates provided by officers.

FRAUD GOVERNANCE - SCOTTISH WELFARE FUND - CG/15/06

25. With reference to article 14 of the minute of its meeting of 20 November 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the recommendations relating to the Scottish Welfare Fund.

The report recommended:

that the Committee note the progress made in implementing the audit recommendations.

The Committee resolved:-

to approve the recommendation contained in the report.

TARGETED FOLLOW UP: MAJOR CAPITAL INVESTMENT IN COUNCILS

26. The Committee had before it a report by the External Auditor which provided details of the targeted follow up on Major Capital Investment in Councils. The aim of the work was to assess to what extent councils had improved performance in managing their capital investment programmes.

The Committee resolved:-

to note the content of the report.

CORPORATE HEALTH AND SAFETY COMMITTEE REPORTING ARRANGEMENTS

27. The Committee had before it by way of a remit, article 5 of the minute of meeting of the Local Government Employees Joint Consultative Committee which related to consideration as to whether Regional Trade Union Officials could attend the Corporate Health and Safety Committee.

The Committee resolved:-

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- (i) to note the content of the minute remit; and
- (ii) to note that Regional Trade Union Officials could attend meetings of the Corporate Health and Safety Committee as and when required.

ANNUAL ACCOUNTS 2014/15 - ACTION PLAN AND KEY DATES - REPORT BY THE ACTING DIRECTOR FOR CORPORATE GOVERNANCE

28. The Committee had before it a report by the Acting Director of Corporate Governance which provided the key dates in relation to the 2014/15 Annual Accounts including the links to the plans and timetables of the Council's External Auditors.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

AUDIT SCOTLAND VALUE FOR MONEY NATIONAL REVIEWS - REPORT BY THE ACTING DIRECTOR FOR CORPORATE GOVERNANCE

29. The Committee had before it a report by the Acting Director of Corporate Governance which presented a summary of Audit Scotland national studies published in the last cycle together with any actions taken or agreed to be taken by the Council in response to those.

The report recommended:

That the Committee -

- (a) note the detail of the Audit Scotland's national 'value of money' studies published in 2014; and
- (b) note the detail of the report 'An overview of local government in Scotland' and gave consideration to officers comments made in respect of each of the priorities identified within the report.

The Committee resolved:-

to approve the recommendations contained in the report.

EXEMPT INFORMATION

In accordance with the decision taken at article 1 of this minute, the following item of business was considered with the press and public excluded.

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MATTERS UNDER INVESTIGATION

30. The Community Planning and Corporate Performance Manager provided an update in relation to an internal investigation that was ongoing.

The Committee resolved:-

to note the verbal update provided.

- **CALLUM MCCAIG, Convener**