

## **AUDIT, RISK AND SCRUTINY COMMITTEE**

ABERDEEN, 26 June 2018. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Flynn, Convener; Councillor Yuill, Vice-Convener; Councillor Donnelly, the Depute Provost (as substitute for Councillor Lumsden), Graham, Avril MacKenzie, McLellan (as substitute for Councillor Allard), Malik (as substitute for Councillor Duncan), Reynolds and Townson.

### **MINUTE OF PREVIOUS MEETING OF 8 MAY 2018**

1. The Committee had before it the minute of its previous meeting of 8 May 2018.

#### **The Committee resolved:-**

to approve the minute as a correct record.

### **COMMITTEE BUSINESS PLANNER**

2. The Committee had before it the Business Planner as prepared by the clerk.

#### **The Committee resolved:-**

- (i) in relation to items 9 (Creditors Payments) and 11 (Stores Purchasing) to note that the Chief Internal Auditor advised that the draft reports had been issued to the Service and provided assurance that the outstanding reports would be presented to the meeting of this Committee on 25 September 2018;
- (ii) in relation to item 16 (Corporate Investigation Team – Annual Fraud Report), to note that there was an acknowledgement of staff shortages which had impacted on the workload of the team and that the report would be submitted to the September meeting of this Committee; and
- (iii) to otherwise note the content of the report.

### **AUDITED ANNUAL ACCOUNTS 2017/18 - RES/18/044**

3. The Committee had before it a report by the Director of Resources which (1) provided an overview of the Council's 2017/18 audited Annual Accounts; and (2) presented the 2017/18 audited Annual Accounts for those registered charities where the Council was the sole trustee and were subject to statutory requirements for separate accounts and audit opinions.

#### **The report recommended:**

That the Committee -

- (a) approve the Council's audited Annual Accounts 2017/18 for signature by the Director of Resources, Chief Executive and Council Co-Leader; and

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- (b) approve the audited Annual Accounts 2017/18 for those registered charities where the Council was the sole trustee and to nominate a trustee to sign the accounts.

### **The Committee resolved:-**

- (i) to note that the Interim Chief Officer Finance would provide a response to a question from the Convener relating to Music School Tutors;
- (ii) to request the Director of Resources and the Interim Chief Officer Finance to relay the thanks from the Committee to their teams for the work undertaken to get the annual accounts audited earlier than previous years;
- (iii) to note the thanks to the External Audit Team for the work in relation to auditing the accounts; and
- (iv) to otherwise approve the recommendations contained in the report.

## **ISA 260 REPORT TO THOSE CHARGED WITH GOVERNANCE**

4. The Committee had before it a report by KPMG, the External Auditor which provided a summary of their audit opinions and conclusions on significant issues arising from the audit of the 2017/18 Council accounts and the accounts for registered charities.

### **The Committee resolved:-**

- (i) to note that an unqualified independent audit opinion was likely to be issued for the annual accounts for the Council and the registered charities for the financial period 1 April 2017 to 31 March 2018;
- (ii) to note that an action plan to address the recommendations for improvement from External Audit had been agreed by management;
- (iii) in response to a question from Councillor Donnelly regarding the value of Marischal Square, to note that the reason for this was due to the change in the lease from an operational lease to a financial lease and that the valuations would be undertaken each year;
- (iv) in response to a question from the Convener regarding implementation dates of August 2018 contained within the Action Plan, to request the Interim Chief Officer Finance to provide an update at the September meeting of this Committee as to whether those actions had been completed; and
- (v) to otherwise note the content of the report.

## **INTERNAL AUDIT PROGRESS - IA/18/014**

5. The Committee had before it a report by the Chief Internal Auditor which advised on progress against the 2017/18 and 2018/19 internal audit plans.

### **The Committee resolved:-**

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- (i) to note that the Chief Internal Auditor had advised that the outstanding audit reports would be submitted to the September meeting of this Committee;
- (ii) in relation to a question from Councillor Townson relating to General Data Protection Regulations (GDPR) and whether benchmarking would be undertaken with other Local Authorities, to note that GDPR was new legislation and only been in operation since May 2018 and that the audit would be undertaken to provide assurance that the Council had adequate arrangements in place and that Internal Audit would not be benchmarking against other Local Authorities;
- (iii) in relation to a question from Councillor McLellan relating to GDPR training for elected members, to note that training had been offered and that for those elected members yet to receive the training additional dates would be scheduled; and
- (iv) to otherwise note the content of the report.

### **INTERNAL AUDIT CHARTER - IA/18/010**

6. The Committee had before it a report by the Chief Internal Auditor which sought approval for the Internal Audit Charter.

**The report recommended:**

That the Committee approve the attached Internal Audit Charter.

**The Committee resolved:-**

- (i) in relation to a question from Councillor Townson regarding whether Internal Audit had authority through the Council's Financial Regulations to have access to the same level of information pertaining to ALEO's, to note that the Director of Resources advised that Internal Audit did not have the same access as ALEO's were separate legal entities;
- (ii) to otherwise approve the recommendation contained in the report.

### **INTERNAL AUDIT ANNUAL REPORT - IA/18/011**

7. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit Annual Report for 2017/18.

**The report recommended:**

That the Committee -

- (a) note the Annual Report for 2017/18;
- (b) note that the Chief Internal Auditor had confirmed the organisational independence of Internal Audit;
- (c) note that there had been no limitation to the scope of Internal Audit work during 2017/18; and
- (d) note that during the year, KPMG completed an External Quality Assessment of Internal Audit that had already been reported to the Committee.

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### **The Committee resolved:-**

to approve the recommendations contained in the report.

### **INTERNAL AUDIT PLANNING - IA/18/012**

8. The Committee had before it a report by the Chief Internal Auditor which presented the methodology and timing for future Internal Audit Plans.

### **The Committee resolved:-**

- (i) to agree that a detailed single year Internal Audit plan would be prepared;
- (ii) to agree that the detail of themes to be covered over a three to five year period would be made more explicit in the planning documentation without identifying the specific area to be reviewed to achieve desired assurance outcomes;
- (iii) to agree that Internal Audit and the Council's management team keep (i) and (ii) above under review, to determine if and when a multi-year plan would be more desirable; and
- (iv) to agree that the same timetable be used for developing the 2019/20 Audit plan.

### **RIPSA - QUARTERLY REPORT - GOV/18/025**

9. The Committee had before it a report by the Chief Officer Governance which advised that it was a requirement under paragraph 3.29 of the Scottish Government's Code of Practice for Covert Surveillance and Property interference that elected members review the authority's use of covert surveillance on a quarterly basis to ensure that it was being used consistently with the local authority's policy and that the policy remained fit for purpose.

### **The report recommended:**

That the Committee note the update within the report.

### **The Committee resolved:-**

- (i) in relation to a question from Councillor Townson regarding training for staff, to note that the Service Manager for Legal Services would determine how the training was recorded in staff records and would provide a response to Committee;
- (ii) in relation to questions from members regarding the future reporting arrangements, to instruct the Team Leader, Governance to provide a report each quarter to provide assurance to the Committee all activity was being monitored appropriately; and
- (iii) to otherwise approve the recommendation contained in the report.

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### **SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CUS/18/017**

**10.** The Committee had before it a report by the Director of Customer which provided information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle to provide assurance to Committee that complaints and Scottish Welfare Fund applications were being handled appropriately.

**The report recommended:**

that the Committee note the content of the report.

**The Committee resolved:-**

to approve the recommendation contained in the report.

### **LOCAL SCRUTINY PLAN**

**11.** The Committee had before it a report prepared by KPMG, the External auditor which set out the scrutiny risks identified by the local area network, proposed scrutiny responses and expected scrutiny activity for Aberdeen City Council during the financial year 2018/19.

**The Committee resolved:-**

to note the content of the report.

### **INTERNAL AUDIT REPORTS - FOLLOW-UP OF AGREED RECOMMENDATIONS - IA/18/009**

**12.** The Committee had before it a report by the Chief Internal Auditor which advised on progress made by Services with implementing recommendations that had been agreed in previous Internal Audit reports.

The Convener stated that Services had been asked at each Committee whether they would be able to meet the timescales provided in the audit reports and enquired as to why the report before the Committee contained 60 outstanding recommendations.

The Director for Resources advised that (1) the current position relating to outstanding audit recommendations was not acceptable and that he would ensure that the position improved for future reports; (2) the outstanding audit recommendations were discussed at CMT; (3) all Chief Officers had been instructed to undertake the work required to complete the audit recommendations; (4) Directors would be discussing any outstanding audit recommendations with Chief Officers during regular meetings; and (5) where there

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were significant delays in completing the audit recommendations that Chief Officers would be instructed to report to the Committee to provide an explanation as to why the deadlines had not been met.

**The Committee resolved:-**

- (i) in response to the Conveners statement regarding Services not meeting the previously agreed audit timescales to note that the Director of Resources provided an assurance that all Directors and Chief Officers would be held to task on the recommendations contained within audit reports and that the outstanding recommendations would be dealt with as a priority;
- (ii) to note that where Chief Officers had not progressed audit recommendations that they would be instructed to provide a report to the Committee to explain the reasons why the deadlines had not been adhered to;
- (iii) in relation to a question from the Vice Convener regarding the Craft Workers Terms and Conditions audit and whether the issues had been resolved, to note that the Chief Officer Operations and Protective Services advised that there had been no further negotiations with Trade Unions and that he would meet with the Chief Internal Auditor with a view to move the item forward; and
- (iv) to otherwise note the content of the report.

- **COUNCILLOR STEPHEN FLYNN, Convener.**

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