

Audit, Risk and Scrutiny Committee

ABERDEEN, 12 May 2021. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Alex Nicoll, Convener; Councillor Yuill, Vice-Convener; and Councillors Allard (as substitute for Councillor Jackie Dunbar MSP), Duncan, Graham, MacKenzie, Mason (as substitute for Councillor Lumsden), Mennie and Reynolds.

The agenda and reports associated with this minute can be found [here](#)

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.

DECLARATIONS OF INTEREST

1 Members were requested to intimate any declarations of interest in respect of the items on the agenda.

The Committee resolved:-

to note that Councillors Allard, Duncan and MacKenzie declared an interest in item 8.1 (ALEO Assurance Hub) by virtue of their position as Board Members of Aberdeen Performing Arts and considered that the nature of their interests did not require them to leave the meeting at that item on the agenda.

MINUTE OF PREVIOUS MEETING OF 24 FEBRUARY 2021

2 The Committee had before it the minute of its previous meeting of 24 February 2021.

The Committee resolved:-

- (i) in relation to article 10 (Industrial and Commercial Property Rental Income and Void Control – IA/AC2017), resolution (i) to note that the link had been circulated and that the Chief Officer - Corporate Landlord would circulate the link again; and
- (ii) to otherwise approve the minute as a correct record.

COMMITTEE BUSINESS PLANNER

3 The Committee had before it the Committee Business Planner as prepared by the Chief Officer – Governance.

The Committee resolved:-

- (i) to note that the audit report for item 4 (Financial Sustainability) was currently under review by the Service and that a report was expected in June 2021;
- (ii) to note that items 9 (Climate Change), 21 (Teachers Payroll) and 22 (Bon Accord Care – Budget Monitoring) had been delayed due to Internal Audit resource issues and that reports were expected in June 2021;

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- (iii) to note that items 5 (Vehicle Replacement Policy and Procurement) and 24 (Capital Project Management) had been delayed pending the conclusion of other work and that reports were expected in September 2021;
- (iv) to note that items 10 (Consilium System – HRA Building Maintenance System), 18 (Timesheets and Allowances, 19 (Housing – Waiting List and Allocations), 20 (Health and Safety – Operations and Protective Services), 23 (Mental Health and Substance Misuse) and been delayed due to Internal Audit resource issues and that reports were expected in September 2021; and
- (v) to otherwise note the content of the planner.

ALEO ASSURANCE HUB - GOV/21/105

4 The Committee had before it a report by the Chief Officer – Governance which provided assurance on the risk management, financial management and governance arrangements of Arm's Length External Organisations (ALEOs) within the ALEO Assurance Hub's terms of reference.

The report recommended:-

That the Committee -

- (a) note the level of assurance provided by each ALEO on risk management, financial management and governance;
- (b) note that Assurance Hub officers and ALEO Service Leads would discuss any outstanding issues identified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to further improving the assessment ratings at the next Hub meeting; and
- (c) note the intention to incorporate each ALEO into training on emergency response and recovery and PREVENT, to enable ALEOs to support the Council in meeting its statutory obligations.

The Assurance Manager advised that on page 42, Appendix F, under the Risk section the following text was not viewable "The level of assurance gained in respect to BAC's audit activities is "high" as programme of auditing is comprehensive and the three lines of defence are well established. There is visibility on audit recommendations through the Board".

The Committee resolved:-

- (i) to note the update provided in relation to the missing text at Appendix F within the Risk section;
- (ii) to note that the Assurance Manager would discuss with the ALEO's whether they found the Assurance Hub process to helpful and add the feedback to the next scheduled report to this Committee; and
- (iii) to otherwise approve the recommendations contained in the report.

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INTERNAL AUDIT ANNUAL REPORT 2020/21 - AC/21/001

5 The Committee had before it a report by the Interim Chief Internal Auditor which presented the Internal Audit Annual Report for 2020/21.

The report recommended:-

That the Committee -

- (a) note the Annual Report for 2020/21;
- (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 2020/21;
- (d) note the outcome of Internal Audit's self-assessment against the requirements of the Public Sector Internal Audit Standards; and
- (e) note the content of Internal Audit's Quality Assurance and Improvement Plan.

In response to a question relating to the current resourcing of Internal Audit, the Interim Chief Internal Auditor advised that the recruitment to various posts was underway and that the process was taking time to complete.

The Committee resolved:-

- (i) to note the update provided in relation to the current Internal Audit staffing situation; and
- (ii) to otherwise approve the recommendations contained in the report.

INTERNAL AUDIT PROGRESS REPORT - AC/21/002

6 With reference to article 6 of the minute of its previous meeting, the Committee had before it a report by the Interim Chief Internal Auditor which advised on progress against the approved 2019/20 and 2020/21 Internal Audit Plans.

The report recommended:-

That the Committee reviews, discusses and comments on the issues raised within the report and appendices A and B.

The Committee resolved:-

- (i) to note that some audit reports scheduled for the June meeting had been deferred until September due to the short timescales between this meeting and the June meeting; and
- (ii) to otherwise note the content of the report.

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INTERNAL AUDIT - FOLLOW-UP ON AUDIT RECOMMENDATIONS - AC/21/003

7 With reference to article 7 of the minute of its previous meeting, the Committee had before it a report by the Interim Chief Internal Auditor which advised on the progress made by Services with implementing the recommendations that had been agreed in Internal Audit reports.

The report recommended:-

That the Committee review, discuss and comment on the issues raised within this report and the attached appendices.

In response to a question relating Audit AC2019 (Procurement Compliance) as to whether the actions would be complete by 30 June, the Interim Chief Internal Auditor advised that the work had been completed and that he needed assurance that the improvements were working before the actions could be closed off, which would be evidenced by the procurement workplans submitted to the Strategic Commissioning Committee in June 2021.

The Committee resolved:-

- (i) to note the response to the member's question; and
- (ii) to otherwise note the content of the report.

HR/PAYROLL SYSTEM - IA/AC2025

8 The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to HR/Payroll which was undertaken to provide assurance that there was adequate control over the new CoreHR system and that issues raised in relation to the previous system had been addressed.

The Committee resolved:-

to note the content of the report and endorse the recommendations for improvement as agreed by the relevant Cluster.

VEHICLE USAGE - IA/AC2105

9 The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Vehicle Usage which was undertaken to provide assurance that adequate procedures were in place to effectively manage the Council's vehicle fleet.

In response to a question relating to grey fleet and whether this area would always be a risk to the Council regardless of how good the system was to monitor the details, the Interim Chief Internal Auditor advised that it was a balance between the risk and the level of risk the Council were prepared to accept.

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In response to a question relating to business cases for the usage of vehicles out with normal working hours and whether the date of 31 October 2021 was too soon to have the actions completed, the Chief Officer – Operations and Protective Services advised that the business cases provided the justification for staff to take vehicles home, such as small vans, and meant that staff could start work from home and finish at home resulting in less depot space required. He further advised that the cluster were producing a standardised template for the business case and that he expected this to be complete by the dates provided.

The Committee resolved:-

to note the content of the report and endorse the recommendations for improvement as agreed by the relevant Cluster.

UNAUDITED ANNUAL ACCOUNTS 2020/21 - RES/21/120

10 The Committee had before it a report by the Director of Resources which (1) provided an overview of the Council's 2020/21 unaudited accounts; (2) sought approval of the Annual Governance Statement; and (3) presented the unaudited Annual Accounts for those registered charities where the Council was the sole trustee.

The report recommended:-

That the Committee –

- (a) approve the Annual Governance Statement as included in the Council's unaudited Annual Accounts for the financial year 2020/21;
- (b) note the Council's unaudited Annual Accounts 2020/21;
- (c) note the unaudited Annual Accounts 2020/21 of the Council's registered charities;
- (d) note that following this meeting the Council's and the registered charities unaudited Annual Accounts would be finalised, signed and submitted to the Council's external auditors, KPMG, and Audit Scotland;
- (e) note that the Audit, Risk and Scrutiny Committee on 30 June 2021 would receive the Council's audited Annual Accounts for consideration and approval prior to their signature by the Chief Officer - Finance, Chief Executive and a Council Leader;
- (f) note that the Audit, Risk and Scrutiny Committee on 30 June 2021 would also receive the external auditor's report on the annual accounts for debate and consideration and that this report will set out the auditor's findings and conclusions, highlight the significant issues arising from the audit of the annual accounts and inform Elected Members of the proposed audit opinion in advance of the accounts being certified; and
- (g) note that the Audit, Risk and Scrutiny Committee on 30 June 2021 would also receive the audited Annual Accounts for the registered charities for consideration and approval prior to their signature along with the associated external auditor's report.

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The Committee resolved:-

- (i) to note that the Chief Officer – Finance would reconsider the wording within Appendix A, page 149, 3rd bullet point to bring better clarity around the meaning of the statement;
- (ii) to note that the Chief Officer – Finance would consider whether it was possible to breakdown the risks to separate Brexit and Covid-19 risks within Appendix A; and
- (iii) to otherwise approve the recommendations contained in the report.

RIPSA QUARTER 1 - COM/21/098

11 The Committee had before it a report by the Chief Officer – Governance which was presented to ensure that Elected Members reviewed the Council's use of covert surveillance on a quarterly basis in order to provide assurance that it is used consistently in accordance with the Corporate Protocol and Procedure on Covert Surveillance.

The report recommended:-

That the Committee note the update within the report in respect of the Council's covert surveillance activity during quarter 1 of the current year.

The Committee resolved:-

to approve the recommendation contained in the report.

- **ALEX NICOLL, Convener**