

Audit, Risk and Scrutiny Committee

ABERDEEN, 30 June 2022. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Macdonald, Convener; Councillor Houghton, Vice-Convener; and Councillors Allard, Bonsell, Bouse, Hazel Cameron (as substitute for Councillor McLellan), Fairfull, Henrickson (as substitute for Councillor Radley), Hutchison, Massey, Nicoll, Stewart and Watson.

DECLARATION OF INTEREST OR TRANSPARENCY STATEMENTS

1. At this juncture, in the interests of transparency the following statements were made:

- (1) The Convener advised that she had a connection in relation to agenda item 9.1 (ALEO Assurance Hub) due to her appointment as a Director of Aberdeen Heat and Power, however having applied the objective test she did not consider that she had an interest and would not be withdrawing from the meeting for the item.
- (2) Councillor Henrickson advised that he had a connection in relation to agenda item 9.3 (Unaudited Annual Accounts) due to his appointment on the Board of the Aberdeen Science Centre, however having applied the objective test he did not consider that he had an interest and would not be withdrawing from the meeting for the item.

MINUTE OF PREVIOUS MEETING OF 22 FEBRUARY 2022

2. The Committee had before it the minute of its previous meeting of 22 February 2022.

The Committee resolved:-

- (i) to approve the minute as a correct record;
- (ii) in relation to item 15 (Review of items recorded as 'missing' from Art Gallery & Museums Collections) to note that the Service Update was being prepared and would be circulated in due course.

COMMITTEE BUSINESS PLANNER

3. The Committee had before it the Committee business Planner, prepared by the Chief Officer – Governance.

The Committee resolved:-

- (i) to note that items 2 (Internal Audit Progress Report) and 3 (Internal Audit Follow up on Recommendations), had been included in the Internal Audit Annual Report;
- (ii) to note that item 7 (Use of Investigatory Powers Quarterly Report) had been removed due to no requests or authorisations being made in the last quarter and would remain on the business planner for all future meetings;
- (iii) to note that item 9 (SPSO Decisions, Inspector of Crematoria Complaint Decisions) had been removed due to no decisions being published since the last report to Committee and would remain on the business planner for all future meetings;

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- (iv) to note that items 11 (Payroll and HR System Amendments), 12 (Internal Movement of Staff, relief staff and agency workers), 13 (Care Management Recording and Transactions), 14 (IT Infrastructure Systems), 16 (Recovery Arrangements for Sundry Debt), 19 (Consilium System - HRA Building Maintenance System), 20 (Consilium), and 23 (Attendance Management) had been delayed until September 2022;
- (v) to add two Service Updates to the business planner, those being: Reconciliation of Granite, Union Terrace Gardens and Review of Items Recorded as 'Missing' From Art Gallery & Museums Collections; and
- (vi) to otherwise note the content of the business planner.

ALEO ASSURANCE HUB - COM/22/119

4. The Committee had before it a report by the Director of Commissioning 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 that the Council agreed to form a Joint Venture with bp to develop a hydrogen hub in the city, agree that the ALEO Assurance Hub provide oversight of bp Aberdeen Hydrogen Energy Limited, and note that the Assurance Hub Terms of Reference would be amended accordingly.

In response to a question relating to who would have oversight of how ALEOs were achieving Council outcomes and complying with the terms of their service level agreements if the Strategic Commissioning Committee did not exist, the Chief Officer – Governance advised that if there were changes to the Committee structure, that all business would be re-aligned to another Committee or to Council.

In response to a question relating to the joint venture with bp and how the risk would be valued, the Chief Officer – Governance advised that risk management would be monitored via the ALEO Assurance Hub as well as scrutiny over the financial aspects at the City Growth and Resources Committee.

The Committee resolved:-

to approve the recommendations contained in the report.

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EXTERNAL AUDIT - AUDIT STATUS UPDATE

5. The Committee had before it a report by the External Auditor which provided an update on the current status of the external audit and highlighted draft conclusions and matters arising to date.

The Committee resolved:-

- (i) to note that the Chief Officer – Finance would include the inflation figures in the treasury management report which was presented to Council on a six monthly basis; and
- (ii) to otherwise note the content of the report.

UNAUDITED ANNUAL ACCOUNTS 2021/22

6. The Committee had before it a report by the Director of Resources which provided an overview of the Council's 2021/22 unaudited Annual Accounts, the unaudited Accounts for registered Charities where the Council were the sole Trustee and sought approval for the Annual Governance Statement.

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 2021/22;
- (b) note the Council's unaudited Annual Accounts 2021/22;
- (c) note the unaudited Annual Accounts 2021/22 of the Council's registered Charities;
- (d) note that following the 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 27 September 2022 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 co-Leader;
- (f) note that the Audit, Risk and Scrutiny Committee of 27 September 2022 will also receive the external auditor's report on the annual accounts for debate and consideration and that this report would 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;
- (g) note that the Audit, Risk and Scrutiny Committee on 27 September 2022 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; and
- (h) note that the guarantee for £127k to Aberdeen Science Centre detailed in contingent liabilities in the Council's Annual Accounts would be removed as at 30

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September 2022, as the organisation had advised that it is no longer required, but would welcome support in future if there was a need.

In response to a question relating to Charitable Trusts and whether there were plans to merge the Trusts due to their reducing value, the Chief Officer – Finance advised that there had been some consolidation with the Trusts previously and that the Governance Team continued to monitor the situation.

In response to a question relating to the CIPFA Governance Mark of Excellence and how the Council compared to other Local Authorities, the Chief Officer – Governance advised that the Council first received the Mark of Excellence in 2020 and has since been re-accredited. He explained that Aberdeen were the only Local Authority in Scotland to receive the accreditation.

The Committee resolved:-

- (i) in relation to Bus Lane Enforcement monies, to note that the Chief Officer – Finance would check the figures and amend accordingly;
- (ii) in relation to questions from a member relating to the accounts, to note that the Chief Officer – Finance would meet with the member separately to discuss the issues raised;
- (iii) to note the thanks given to all officers involved with the preparation of the annual governance statement and the accounts; and
- (iv) to otherwise approve the recommendations contained in the report.

INTERNAL AUDIT ANNUAL REPORT - IA/22/005

7. The Committee had before it a report by the Chief Internal Auditor which provided the Committee with the Internal Audit Annual Report for 2021-22.

The report recommended:-

That the Committee -

- (i) note the Annual Report for 2021-22;
- (ii) note that the Chief Internal Auditor confirmed the organisational independence of Internal Audit;
- (iii) note that there has been no limitation to the scope of Internal Audit work during 2021-22;
- (iv) note the outcome of Internal Audit's self-assessment against the requirements of the Public Sector Internal Audit Standards; and
- (v) note the content of Internal Audit's Quality Assurance and Improvement Plan.

The Committee resolved:-

- (i) to note that the Clerk would liaise with the Chief Internal Auditor to ensure the business planner items matched those from the Internal Audit Plan; and
- (ii) to otherwise approve the recommendations contained in the report.

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SCHOOL ESTATE AND PUPIL SECURITY - AC2108

8. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to School Estate and Pupil Security which was undertaken to provide assurance that the Council had adequate security arrangements in respect of the Council's school estate and its school pupils.

The report recommended:

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

In response to a question relating to new build Schools and the guidance available, the Chief Officer – Corporate Landlord advised that following every new build a post occupancy report was completed and lessons learnt were captured to prevent similar issues happening in future developments.

The Committee resolved:-

- (i) to note that the Chief Internal Auditor would provide clarity in relation to the completion date for recommendation 12.1.10 in the audit follow up report to be presented in September; and
- (ii) to otherwise endorse the recommendations for improvements as agreed by the relevant Function.

CAPITAL PROJECT MANAGEMENT - AC2118

9. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Capital Project Management which was undertaken to provide assurance that the management and reporting of ongoing Capital Projects was adequate and that appropriate post completion reviews were completed so that lessons learned could be recorded and acted upon.

The report recommended:-

that the Committee review, discuss and comment on the issues raised within the report and the attached appendix.

The Committee resolved:-

to endorse the recommendations for improvement as agreed by the relevant Function.

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BUDGET MONITORING - AC2208

10. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Revenue Budget Monitoring which was undertaken to ensure that robust procedures were in place for monitoring the revenue budget.

The report recommended:-

that the Committee review, discuss and comment on the issues raised within the report and the attached appendix.

The Committee resolved:-

to endorse the recommendations for improvement as agreed by the relevant Cluster.

LEARNING DISABILITIES - AC2210

11. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Learning Disabilities which was undertaken to ensure that there was adequate control exercised over income and expenditure.

The report recommended:-

that the Committee review, discuss and comment on the issues raised within the report and the attached appendix.

The Committee resolved:-

to endorse the recommendations for improvement as agreed by the relevant Cluster.

- **COUNCILLOR SANDRA MACDONALD, Convener**