

AUDIT AND RISK COMMITTEE

ABERDEEN, 3rd December, 2009. - Minute of Meeting of the AUDIT AND RISK COMMITTEE. Present:- Councillor Crockett, Convener; Councillor Farquharson, Vice-Convener; Lord Provost Peter Stephen; and Councillors Cassie, Cooney, Donnelly, Hunter, McDonald, Penny, Robertson, John Stewart, Kevin Stewart, Wendy Stuart, and John West.

MINUTE OF PREVIOUS MEETING

1. The Committee had before it the minute of its previous meeting of 3rd November 2009.

The Committee resolved:-
to approve the minute.

COMMITTEE BUSINESS STATEMENT

2. The Committee had before it a statement of business prepared by the Head of Democratic Services.

The Committee resolved:-

- (i) that in relation to item 5 (Tied Houses), to note that all Services were to be reminded of the importance of reporting to their Service Committees on tied houses to enable the Finance and Resources Committee to have a corporate overview on the matter;
- (ii) that in relation to item 7 (Hanover Street School Refurbishment Contract), to note that the Director of Corporate Governance would liaise with Pihl in regard to project management techniques;
- (iii) that in relation to item 8 (N-SE/SA/0803 – Building Cleaning) to note the City Chamberlain's intention to report to the next meeting; and
- (iv) to otherwise note the statement.

RISK MANAGEMENT PROGRESS REPORT – CG/09/141

3. The Committee had before it a report by the Director of Corporate Governance which provided an update on (1) the status of the Corporate Risk Register; and (2) progress within Services on implementing risk management processes.

The report advised that the Corporate Risk Register had been revised in December 2008 and agreed at a Corporate Management Team meeting in March 2009. The register had been reviewed in October and November 2009. The report contained a breakdown of risks, these being:-

Service	Red	Amber	Green
Corporate Governance	7	15	1
Housing and Environment	2	0	0
Enterprise, Planning and Infrastructure	1	2	0
Social Care and Wellbeing	1	0	0
Education, Culture and Sport	1	2	0
Office of Chief Executive	0	4	2
Total	12	23	3

The report identified four new risks that had been added to the register since March 2009 and explained that seven risks which were in the red zone had reduced to the amber zone and one to the green zone.

The report provided details on (a) the current position within Services on the development of their risk registers; and (b) the review and reporting periods for Service Risk Registers and the Corporate Risk Register. The report appended detailed information on each of the entries identified in the Corporate Risk Register.

The report recommended:-

that the Committee –

- (a) agree that the Corporate Risk Register was a fair statement of the significant corporate risks within the Council (attached as an appendix to the report);
- (b) note progress to date in updating the Service Risk Registers; and
- (c) agree the reporting and review periods.

The Committee resolved:-

- (i) to note that briefing sessions on risk management would be arranged for elected members;
- (ii) that in relation to item number CORP02 (Failure of Elected Members to lead or provide scrutiny of the Council), to thank officers for the reduction in the number of late reports being submitted to Committees; and
- (iii) to otherwise approve the recommendations contained in the report.

AUDIT PROGRESS REPORT 2008/09

4. The Committee had before it a report by Henderson Loggie, External Auditor, which detailed progress in relation to the external audit operational plan for 2008/09.

The Committee resolved:-

- (i) to note that the Director of Corporate Governance would pursue Social Care and Wellbeing to respond to Henderson Loggie in relation to the Drug and Alcohol Services Scotland impact assessment and the Overview of Mental Health Services impact assessment as raised by Councillors Cooney and Hunter, and notify members of the outcome;
- (ii) to request the Director for Corporate Governance to reiterate to officers the importance of complying with requests for information from the External Auditor;

- (iii) to note that the year-end management letter was currently being discussed with the City Chamberlain and would be issued to members in due course; and
- (iv) to otherwise note the report.

REPORT TO MEMBERS AND CONTROLLER OF AUDIT

5. The Committee had before it a report by Henderson Loggie, External Auditor, to Members and the Controller of Audit 2008/09.

Mr Ian Robbie, Henderson Loggie, spoke to the report, highlighting that the opinion on the Council's financial statements for 2008/09 was unqualified. Mr Robbie drew the Committee's attention to a number of specific aspects of his report and concluded that the main issues to be considered in the future, arising from the report, were Statutory Performance Indicators and the year-end management letter, the executive summary of which would be submitted to members in due course.

The Committee resolved:-

- (i) to note the report;
- (ii) to note that the report would be considered by the Council at its meeting on 16th December 2009, along with the Audited Annual Accounts for 2008/09 and the report by Henderson Loggie to those charged with Governance on the Audit of Aberdeen City Council;
- (iii) to request the Director of Corporate Governance to circulate to members details on the outcomes of equal pay and modernisation appeals that had been heard to date, ensuring that individual members of staff could not be identified;
- (iv) to request the Head of Democratic Services to update Group Leaders on the completion of role profiles and Personal Development Plans by elected members; and
- (v) to request the Corporate Policy and Performance Committee and the Education, Culture and Sport Committee to review performance in relation to Statutory Performance Indicators under the heading of Cultural and Community Services as detailed in section 5.4.7 of the report.

EXTERNAL AUDITOR ANNOUNCEMENT

6. The Committee heard Mr Ian Robbie, Henderson Loggie, advise that Henderson Loggie were currently three years into the five year agreement as External Auditors for Aberdeen City Council. Mr Robbie stated that he had worked for both of the Council's External Auditors (Ernst and Young and Henderson Loggie) over the past ten years. Mr Robbie stated that Henderson Loggie were rotating the lead partner for the Council and that for the 2009/10 audit period Cathy Wiley would be the lead partner.

Mr Robbie explained that at the end of the five year term of appointment, Henderson Loggie would not be eligible to be External Auditors for the Council for at least another five years. He stated that at that time, it was unlikely that he would still be involved with external audit. Mr Robbie expressed his gratitude to officers of

the Council, especially those in the Finance teams over the years and to elected members for the courtesy that he had been granted in his time as External Auditor for the Council.

The Convener thanked Mr Robbie for his vast input over the years and wished him well for his future.

The Committee resolved:-

to concur with the remarks from the Convener.

BANK RECONCILIATION PROGRESS REPORT – CG/09/148

7. With reference to Article 5 of the minute of its meeting of 3rd November, 2009, the Committee had before it a report by the City Chamberlain which provided an update on the progress to date in relation to the bank reconciliation process and the implementation of the automatic bank reconciliation module.

The report advised that since the last update to the Committee on 3rd November 2009, there continued to be positive progress in relation to the bank reconciliation with continuing timely and robust clearance of items from the reconciliation to ensure that it was up to date with timescales agreed for the process. The September reconciliations had been signed off and work for the completion of the October reconciliations, due to be completed by the end of November 2009, were on schedule.

The report explained that at the beginning of October 2009, the pilot for the automated bank reconciliation had gone live on the debtors bank account resulting in the reconciliation being maintained on a daily basis.

The report detailed key activities since the last report in relation to the automated bank reconciliation module and highlighted the next steps required to achieve the target date of 31st March 2010 for full implementation.

The report recommended:-

that the Committee consider and note the current positive progress on maintaining the bank reconciliations and on the implementation of the automated bank reconciliation system.

The Committee resolved:-

- (i) to note the update from the City Chamberlain that the October reconciliations had been completed and signed off, and that the November reconciliations were on schedule;
- (ii) to note that the City Chamberlain would respond to Councillor Cooney outwith the meeting regarding his query on the costs of the bank reconciliation; and
- (iii) to otherwise approve the recommendation contained in 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 following item of business so as to avoid disclosure of exempt information of the class described in paragraph 1 of Schedule 7(A) to the Act.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS AND RESULTS OF PHYSICAL VERIFICATION

8. The Committee had before it a report by the Internal Audit Manager which (1) detailed a number of recommendations previously approved in audit reports issued, the implementation of which was overdue; and (2) provided information on the Internal Audit physical checks to verify the accuracy of information provided by Services in relation to the implementation status.

The Committee received updates from various officers in relation to the audit recommendations affecting their Services and considered revised implementation dates where appropriate.

The Committee resolved:-

- (i) that in relation to Audit C-SS/SA/0801 (Kittybrewster Creditors), item 4.4.1(i), to approve the revised implementation date of 31st March, 2010;
- (ii) that in relation to Audit N-CL/SA/0801 (School Lets), items 4.2.1 and 4.3.1(i), to note that a report would be submitted to the Education, Culture and Sport Committee in February, 2010;
- (iii) that in relation to Audit C-CL/SA/0805 (Crèche Services), item 4.3.1, to note that the item had been completed;
- (iv) that in relation to Audit N-SE/SA/0804 (Fuel), item 4.1.1, to note that a report would be submitted to the Enterprise, Planning and Infrastructure Committee in January, 2010;
- (v) that in relation to Audit S-SE/SA/0701 (Roads Maintenance Flooding), item 4.3.1, to note that a report would be submitted to the Enterprise, Planning and Infrastructure Committee in January, 2010;
- (vi) that in relation to Audit S-SE/SA/0801 (Road Stores), items 4.1.2(i), 4.1.2(ii), 4.2.5(iii), 4.3.2, 4.3.3 and 4.3.4, that the issues would be dealt with in due course;
- (vii) that in relation to Audit RM-CS/SA/0801 (Archives) to receive an update on progress with the implementation of recommendation 4.2.2 at a future meeting; and
- (viii) to request that officers across the Council be commended on the improvement on the reduction in the number of overdue Internal Audit recommendations in recent months and that the Audit and Risk Committee would like to see the position maintained.

- BARNEY CROCKETT, Convener.