

AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 29 September 2015. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Jackie Dunbar, Convener; Councillor Yuill, Vice-Convener; and Councillors Cameron, Cooney, Copland, Crockett, Donnelly, Flynn, Graham, Greig, Lawrence, Malik, Jean Morrison MBE, Nathan Morrison, Noble, Townson and Young (as substitute for Councillor Reynolds).

REQUEST FOR DEPUTATION

1. The Committee had before it a request for deputation from Dr McHattie and Mr Bill Skidmore in relation to item 8.1 (Annual Report to Members and the Controller of Audit on the 2014/15 Audit). The Committee were advised that the request had not been received within the terms outlined in Standing Order 10(1).

The Committee resolved:-

to suspend Standing Order 10(1), and to agree to hear the request at the start of the meeting and the report at the appropriate time on the agenda.

DETERMINATION OF EXEMPT BUSINESS

2. The Convener advised that there were no exempt reports on the agenda and that item 7.3 (Aberdeen International Youth Festival – Following the Public) would be taken in public with any detailed questions to be answered in private session.

The Committee resolved:-

to note the information.

MINUTE OF PREVIOUS MEETING OF 25 JUNE 2015

3. The Committee had before it the minute of its previous meeting of 25 June 2015.

The Committee resolved:-

- (i) in relation to item 6, resolution (iv), (ALEO Governance Hub Minutes) to note that the next ALEO Governance Hub meetings were scheduled for 7 and 8 December with the minutes being presented to this Committee on 25 February 2016;
- (ii) in relation to article 23 (Unaudited Annual Accounts 2014/15), to note that following the meeting with the Accounts Commission, it was agreed that an action plan was not required and that the Chief Executive would present an annual report; and
- (iii) to otherwise approve the minute as a correct record.

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WORKPLAN

4. The Committee had before it the workplan prepared by the clerk which set out the future schedule of reports.

The Committee resolved:-

- (i) in relation to a question from Councillor Cameron relating to delays in the ALEO's audit, to note that this was delayed until after the next ALEO Governance Hub meetings had taken place to provide additional information to enable the audit work to be completed; and
- (ii) to otherwise note the content of the workplan.

DECISION TRACKING STATEMENT

5. The Committee had before it the decision tracking statement as prepared by the clerk.

The Committee resolved:-

- (i) in relation to item 6 (Corporate Governance Risk Register), to note that discussions between COSLA and the Scottish Local Government Partnership (SLGP) had concluded and that the SLGP would be represented;
- (ii) to delete items 1 (Care First Budgetary Control and Forecasting), 2 (Aberdeen International Youth Festival) and 6 (Corporate Governance Risk Register); and
- (iii) to otherwise note the decision tracking sheet.

ELECTED MEMBER DEVELOPMENT - CG/14/095

6. With reference to article 6 of the minute of its meeting of 11 May 2015, the Committee had before it a report by the Interim Director of Corporate Governance which provided an update on the development of members of this Committee.

The Committee resolved:-

to note the content of the report.

INTERNAL AUDIT PROGRESS AND PERFORMANCE

7. The Committee had before it a report by the Internal Auditor which provided an update on progress against the approved Internal Audit Plan for 2015/16.

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The report recommended:

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

Councillor Cameron requested an explanation as to why some of the audits had been delayed wherein the Internal Auditor advised that urgent audits had been carried over from the Aberdeenshire 2015/15 audit plan.

Councillor Townson sought information relating Corporate Fraud in relation to Arm's Length External Organisations (ALEOs) and specifically an individual ALEO, wherein the Head of Finance advised that the Council had to be satisfied that there were suitable financial and governance arrangements in place for each ALEO. The Corporate Performance and Transformation Manager advised that he was aware of the issue with the individual ALEO and that any specific questions should be discussed in private session.

The Committee resolved:-

- (i) in relation to a question from Councillor Cameron relating to the delays in the audits, to note that urgent audits had been carried over from the 2014/15 audit plan for Aberdeenshire Council which had delayed the progress with the reporting dates for the Aberdeen City audits;
- (ii) in relation to a question from Councillor Townson relating to ALEO's, to note that specific questions on an individual ALEO would be discussed in private session; and
- (iii) to otherwise note the content of the report.

EXTERNAL AUDIT PROGRESS AND PERFORMANCE

8. The Committee had before it a report by Audit Scotland, External Auditor, which provided an update on the progress with the external audit of the 2014/15 financial year.

The Committee resolved:-

to note the content of the report.

DATA PROTECTION REPORTING APRIL TO JUNE 2015 - CG/15/106

9. With reference to article 11 of the minute of its previous meeting of 25 June, 2015, the Committee had before it a report by the Interim 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 1 April to 30 June 2015.

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The report recommended:

that the Committee note the content of the report.

Councillor Cameron raised concerns relating to the number of breaches within the Aberdeen City Health and Social Care Partnership (5 out of 8), wherein the Head of Legal and Democratic Services advised that there was a need to ensure processes were in place and staff were fully aware and understood them.

Councillor Noble advised that he had sought clarification from the author relating to the figures presented on page 56 of the agenda papers as the information was different in the paragraph and the table and that the figures contained in the table were correct.

Councillor Flynn enquired as to what the Council were doing to improve the targets for responding to Subject Access Requests, wherein the Head of Legal and Democratic Services advised that there wasn't currently a process in place for Subject Access Requests and that this would be looked at further.

The Committee resolved:-

- (i) in relation to a question from Councillor Cameron regarding the number of data protection breaches or near misses within the Aberdeen City Health and Social Care Partnership, to note that the Head of Legal and Democratic Services would look at those incidents in more depth to determine if there was a specific reason for concern;
- (ii) to note that the information contained in the second paragraph on page 56 of the report was inaccurate and that the figures contained in the table were correct;
- (iii) in relation to a question from Councillor Flynn regarding the percentage (91%) of requests responded to within 40 days, to note that there wasn't currently a process in place for Subject Access Requests and that this would be looked into; and
- (iv) to otherwise approve the recommendation in the report.

HEALTH AND SOCIAL CARE INTEGRATION

10. The Committee had before it a report by the Internal Auditor which advised (1) that in May 2015, the Scottish Government issued final guidance for Integration Financial Assurance, a copy of which was appended to the report; and (2) on the proposed arrangements regarding the provision of assurance in relation to Health and Social Care Integration.

The report recommended:

That the Committee -

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- (a) note the Scottish Government's guidance for integration financial assurance and the requirement this places on Audit Committees within each of the partner bodies, and subsequently on Integration Joint Boards (IJBs) when established;
- (b) note the ongoing work between NHS Grampian, Aberdeen City, Aberdeenshire and Moray Councils and the Shadow IJBs to develop working arrangements, consistency of approach through each organisation's 2015/16 Internal Audit Plan, and the establishment of a local audit network;
- (c) to approve the adjustment to the 2015/16 Internal Audit Plan to include the review of Health and Social Care integration, as outlined in Appendix 2, in the third quarter of 2015/16; and
- (d) to approve the sharing of future internal audit reports related to Health and Social Care Integration with NHS Grampian and local authority partners and the IJBs, on a reciprocal basis.

SHADOW JOINT INTEGRATION BOARD RISK REGISTER

11. With reference to article 9 of the minute of meeting of the Audit and Risk Committee of 23 September 2014, the Committee had before it a copy of the Aberdeen Health and Social Care Partnership Risk Register.

The Head of Joint Operations advised that the majority of the risks identified related to the transfer process leading to the implementation of the Joint Integration Board.

The Committee resolved:-

- (i) to note that the majority of the risks identified as Amber would be mitigated when the Joint Integration Board was established; and
- (ii) to otherwise note the content of the Risk Register.

COUNCIL TAX BILLING 2015/16

12. The Committee had before it a report by the Internal Auditor which presented an audit relating to inaccuracies with the Council Tax Bills issued for the financial year 2015/16.

Councillors Cameron and Young requested information as to why the exemption was not reported to the appropriate Committee at the time, wherein the Head of Legal and Democratic Services advised that he would liaise with the Head of Procurement and provide a response to the Committee.

The Committee resolved:-

- (i) in relation to questions from Councillors Cameron and Young regarding why the exemption (paragraph 2.1.4) was not reported to Finance, Policy and Resources

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- at the time, to note that the Head of Legal and Democratic Services would liaise with the Head of Procurement and issue the response to the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

HOUSING - RENT ASSESSMENT

13. The Committee had before it a report by the Internal Auditor which presented an audit into whether the approved Rent Setting Policy as implemented on 1 April 2013 was operating satisfactorily.

Councillors requested clarification relating to the figure contained in the report for the number of properties that were subject to Compulsory Purchases Orders and demolition in relation to the Haudagain roundabout development. Councillor Cooney, the Convener of the Communities, Housing and Infrastructure Committee advised that the figure of 323 was those tenants affected by rent issues and that there was ongoing discussions on how many properties would be demolished. The Housing Strategy and Performance Manager advised that he would liaise with colleagues and Internal Audit to clarify the content of the report and re-issue to the Committee.

The Committee resolved:-

- (i) to note the information provided in relation to the number of HRA properties affected by the Haudagain roundabout development and to request that the number be clarified and the report amended as appropriate and re-issued to the Service and the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

PUBLIC PERFORMANCE REPORTING ASSESSMENT 2013/14 - CG/15/111

14. The Committee had before it a report by the Chief Executive which presented details of Audit Scotland's assessment of the Council's Public Performance Reporting (PPR) requirement for the 2013/14 reporting year.

The report recommended:

That the Committee -

- (a) note that the Head of Communications and Promotion would prepare an action plan and report back to the Committee within six months; and
- (b) note the content of the report.

The Committee resolved:-

to approve the recommendations contained in the report.

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DEDUCTION OF PAYE FROM OFFICE HOLDERS - CG/15/118

15. The Committee had before it a report by the Interim Director of Corporate Governance which presented details of a recently identified risk concerning the deduction of PAYE from those categorised as 'office holders'.

The report recommended:

that the Committee note the position.

The Committee resolved:-

to approve the recommendation contained in the report.

INTERNAL AUDIT RECOMMENDATIONS OUTSTANDING PRE 15/16

16. The Committee had before it a report by the Internal Auditor which advised on progress Services' had made with implementing recommendations agreed in Internal Audit reports issued by the previous auditors, PWC and those made by the Surveillance Commissioner following an inspection in April 2014.

The report recommended:

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

Councillor Townson requested information relating to the Community Centres and the leases and for PVG checks required for the Community Centre volunteers. The Service Manager for Sport and Communities advised each Community Centre had returned the form giving assurance that PVG checks were in place where required and that some Community Centres had still to sign the new lease and that a report covering all outstanding issues relating to Community Centres would be submitted to the next meeting of the Committee.

The Vice Convener sought clarification as to why the dates had been amended in relation to Complaint Handling. The Convener requested that for future reports in the revised date for reporting was amended that both dates are reported with an explanation as to why a further revision was required.

The Committee resolved:-

- (i) in relation to item 1 (Community Centres), to note the information provided regarding the number of Community Centres that had completed the required form relating to PVG checks and that a report would be submitted to the next

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- meeting of the Committee to cover all outstanding issues for Community Centres;
- (ii) to request for future reports, that if a revised date was further revised that both dates are included in the report with an explanation for the further delay; and
 - (iii) to otherwise note the content of the report.

INTERNAL AUDIT RECOMMENDATIONS 2015/16

17. The Committee had before it a report by the Internal Auditor which advised on the progress with implementing agreed recommendations contained in reports issued in relation to the 2015/16 Internal Audit Plan and any additional work undertaken.

The report recommended:

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

The Committee resolved:-

to approve the recommendation contained in the report.

DECLARATION OF INTEREST

Councillor Cooney declared an interest in the subject matter of the following article by virtue of his appointment as Trustee of the Aberdeen International Youth Festival. He did not feel it necessary to withdraw from the meeting during consideration of the item.

ABERDEEN INTERNATIONAL YOUTH FESTIVAL - FOLLOWING THE PUBLIC POUND - CG/15/121

18. With reference to article 22 of the minute of its meeting of 26 February 2015, the Committee had before it a report by the Interim Director for Corporate Governance which provided an update on the current position with regard to the governance and financial arrangements between the Council and the Aberdeen International Youth Festival.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

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ANNUAL REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT ON THE 2014/15 AUDIT

19. The Committee had before it a report by the External Auditor which advised that the International Standard of Auditing (UK and Ireland) 260 (ISA 260) required auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. The report before members set out consideration of the matters arising from the audit of the financial statements for Aberdeen City Council and Aberdeen City Council Charitable Trusts for the financial period 2014/15.

Members asked a number of questions of the External Auditors and Officers.

Councillor Flynn enquired as to why Management had not provided a response in relation to the Action Plan against the Marischal Square Development, wherein the Head of Finance advised that a response had been issued to External Audit however it had been issued after the audit report had been submitted and that he would issue the response to the Committee.

The Convener requested that a Standing Item of External Audit Outstanding Recommendations be included on future agendas until such time as all of the agreed recommendations had been completed.

The Committee resolved:-

- (i) to request the Head of Finance to circulate the management response for item 6/155 (Marischal Square Development) that had been issued to External Auditor outwith the timescales for issuing the report;
- (ii) to congratulate staff for the improved performance relating to the completion of pothole repairs;
- (iii) to concur with the thanks given to the External Auditor for the easy to follow report style;
- (iv) to note the content of the report;
- (v) to agree the action plan and recommendations for improvement; and
- (vi) to request that an External Audit, outstanding recommendations report be presented to this Committee until all of the actions and recommendations had been completed.

AUDITED ANNUAL ACCOUNTS 2014/15 - CG/15/122

20. The Committee had before it a report by the Interim Director for Corporate Governance which presented the Council's audited annual accounts for the financial

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period 2014/15 and the audited accounts for the registered charities where the council is the sole trustee for the same financial period.

The Head of Finance offered his thanks to all staff and the auditors involved in the accounts process.

The report recommended:

That the Committee -

- (a) approve the Council's audited Annual Accounts for signature by the Head of Finance, Chief Executive and Council Leader; and
- (b) approve the audited Annual Accounts for those registered charities where the Council is the sole trustee, for signature by a trustee.

The Committee resolved:-

- (i) to concur with the remarks from the Head of Finance, thanking everyone involved in the accounts process; and
- (ii) to otherwise approve the recommendations contained in the report.

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

21. The Committee had before it a report by the Chief Executive 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 report, Scotland's Public Sector Workforce – Impact Report; and
- (b) give consideration to officers comments made in respect 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

22. In relation to article 7 Councillor Townson provided additional information in relation to an ALEO.

The Committee resolved:-

to note the additional information and to request that the issue be clarified and a response provided to Councillor Townson.

- **COUNCILLOR JACKIE DUNBAR, Convener**