

ABERDEEN CITY COUNCIL

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COMMITTEE	Audit, Risk & Scrutiny
DATE	27 <sup>th</sup> June 2016
DIRECTOR	Angela Scott
TITLE OF REPORT	Audit, Risk & Scrutiny Committee – Annual Report
REPORT NUMBER:	OCE

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1. PURPOSE OF REPORT

The purpose of this report is to present the annual report of the Audit, Risk & Scrutiny Committee.

2. RECOMMENDATION(S)

that the Committee:–

- (a) Approve the annual report; and
- (b) Refer the report to the Council for their consideration.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

4. OTHER IMPLICATIONS

None.

5. BACKGROUND/MAIN ISSUES

During the Committee's self-evaluation exercise in 2014, Member's agreed that the Committee prepare an annual report of its activities and that this be referred to Council. The first annual report was published in 2015. This report attaches a draft of the annual report for 2015/16.

6. IMPACT

There is impact on the Council's governance arrangements through improved transparency, understanding and challenge of the activity and outcomes from the Audit, Risk & Scrutiny Committee.

7. MANAGEMENT OF RISK

There are no identified material risks which would result from the approval of the recommendations in this report.

8. BACKGROUND PAPERS

“A Toolkit for Local Authority Audit Committees” - CIPFA  
“Audit Committees: Practical Guidance for Local Authorities and Police”  
- CIPFA (2013)

9. REPORT AUTHOR DETAILS

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**Audit, Risk and Scrutiny Committee**  
**Annual Report 2015/16**

## **Introduction**

I am pleased to present this year's Annual Report of the Audit, Risk & Scrutiny Committee. An annual report to Council is a useful way to develop understanding of the Committee's role and functions. The Committee is accountable to Council and welcomes scrutiny of its effectiveness in fulfilling its terms of reference and its impact on the improvement of governance, risk and control within the authority. This report covers the work of the Audit, Risk & Scrutiny Committee during the period April 2015 – March 2016. In addition, to a summary of work undertaken, the report includes details of the Committee's membership and officer support to the Committee. The report ends with a look forward to 2016/17 and the Committee would welcome any feedback from Members of the Council on the themes identified.

***Stephen Flynn***

*Convener*

*Audit, Risk & Scrutiny Committee*

## The role of the Audit, Risk & Scrutiny Committee

Cipfa (the Chartered Institute of Public Finance and Accountancy) defines the purpose of an audit committee as:

*“...to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”<sup>1</sup>*

In accordance with this, the role of the Committee is primarily concerned with assuring itself, and advising the Council as necessary, that the Council’s policies are being implemented and has in place systems which provide adequate controls over the Council’s resources and assets to prevent the risk of loss through fraud and corruption. It is not the role of the Audit, Risk & Scrutiny Committee to be responsible for, or manage, the arrangements themselves.

Key to the role of the Committee is that it should be independent; have clear reporting lines and rights of access to other committees; and that its members should be properly trained to fulfil the role. The Orders of Reference for the Committee are listed below with a summary of work undertaken.

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<sup>1</sup> CIPFA (2013) Audit Committees: Practical Guidance for Local Authorities and Police

# 1. Risk Management

The Committee will:-

- (a) receive an annual review of the risk management process, and an update every six months on the risk register and related action plans;
- (b) approve the risk management strategy and implementation plan;
- (c) monitor risk management and internal control arrangements; and
- (d) commission and review annual assessments of the effectiveness of the risk management and control framework.

## Summary of Activity

- Commissioned, received and reviewed an Internal Audit on the Council's adopted Risk Management procedures;
- Reviewed reports on aspects of the Council's "System of Risk Management", namely, Staff. In doing so, identified strengths, weaknesses and required improvement actions;
- Reviewed Service Risk Register for Corporate Governance;
- Reviewed the Risk Register for the Shadow Aberdeen Health and Social Care Partnership.

## Outcomes

- The component of the system of risk management which remained to be reported concerned the 'shared values' aspect of the system. The Governance Review will examine the system for strength and effectiveness as well as assisting with the formulation of a statement of risk appetite, which will underpin further reporting to the Committee in this area.

## 2. Internal Audit

The Committee is charged with responsibility for ensuring that there is an effective Internal Audit function. This to be achieved through the following:-

- (a) the approval of the Internal Audit Annual Plan;
- (b) the consideration of all reports issued by Internal Audit with the exception of those on the Pension Fund;
- (c) responsibility for ensuring that there is an adequately resourced Internal Audit service; and
- (d) the consideration of performance reports on Internal Audit activity.

### Summary of Activity

- Managed the transition to a new model of delivering Internal Audit through a shared service with Aberdeenshire Council.
- Approved a risk based Audit Plan 2015/16 and Internal Audit Charter;
- Reviewed the performance of Internal Audit, including the progress in completing the Audit Plan, at each meeting;
- Considered each internal audit report and management responses;
- Followed up on the implementation of all recommendations agreed following audit reviews;
- Considered an Annual Report by the Head of Internal Audit which included the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control;
- Approved joint work between NHS Grampian, Aberdeen City, Aberdeenshire and Moray Councils and the Shadow Integrated Joint Boards for Health & Social Care to develop working arrangements; consistency of approach; a local audit network; and an adjustment to the 2015/16 Internal Audit Plan to include the review of Health and Social Care integration.

### Outcomes

- Whilst a small number of reviews within the 2015/16 Audit Plan are carried forward into 2016/17, this has not impacted on the internal auditor's ability to provide an overall opinion on the adequacy of internal controls operating during 2015/16. The Plan has largely been implemented and, where required, further controls identified;
- Significant improvement has been seen during the year in the number of recommended actions implemented on time.

### 3. External Audit

To receive all reports prepared by the Council's External Auditor with the exception of those on the Pension Fund.

#### **Summary of Activity**

- Received and reviewed the Council's external auditor's (Audit Scotland) annual Audit Plan and assessment of significant audit risks.
- Reviewed regular reports from the external auditor on progress in implementing the Audit Plan;
- Considered the Local Scrutiny Plan for the Council from the Local Area Network;
- Considered specific reports from the external auditor relating to Housing benefit and ICT Services;
- Considered the local implications and responses to national reports from Audit Scotland;
- Instigated formal reporting of progress against External Audit recommendations and received status reports;
- Considered the external auditor's independent report on the financial statements; and annual report to members and the Controller of Audit.

#### **Outcomes**

- Ensured the discharge of the Council's responsibilities with regard the external audit function;
- Improved the Committee's review of external audit activity, including implementation of recommendations, throughout the year;
- The committee considered the external auditor's Annual Plan and the Local Scrutiny Plan together for the first time which provided a more rounded view of the Council's risks.
- The external auditor's annual report to members was concluded approximately two months earlier than in previous years in order that it could be considered by the committee alongside the audited financial statements. This change in audit practice was a response to the requirements set out in the Local Authority Accounts (Scotland) Regulations 2014 which applied for the first time.

## **4. Accounts**

To consider and approve the Council's and its Registered Charities Annual Accounts.

### **Summary of Activity**

- Approved an action plan and key dates for the preparation and audit of the Annual Accounts;
- Considered and approved the Annual Accounts for the Council and its Registered Charities; and
- Within the annual accounts, the Annual Governance Statement was specifically considered and approved.

### **Outcomes**

- The audited 2014/15 accounts were prepared and certified in line with the requirements of the Local Authority Accounts (Scotland) Regulations 2014 which applied for the first time. In preparation, a timetable for earlier delivery of the audited accounts had been agreed between finance and external audit.

## 5. Whistleblowing and Other Investigations

### Summary of Activity

- The Committee gave consideration to a report on an investigation into issues within the Building Services section. This included hearing a deputation from trades Unions and instructing a follow up report for the next meeting;
- The Committee heard oral reports on a small number of other investigations during 2015/16;
- The Committee also considered the implications of a Scottish Parliament petition regarding Whistleblowing procedures in local government, noting that this did not impact upon the Council's current Whistleblowing policy;
- No whistleblowing reports were received or considered.

## 6. Anti-Fraud

The approval of an anti-fraud policy and monitoring its implementation; and

- (a) Commissioning investigations to secure value for money in the delivery of services.
- (b) To oversee the processes by which services are exposed to competition and costs are let, where the Council itself is a bidder for the work.

### Summary of Activity

- The Committee considered a revised corporate Policy and Strategic Response to Fraud, Bribery and Corruption, which had been approved by the Council's Finance, Policy & Resources committee;
- The first Fraud Annual Report was considered by the Committee for the year 2015/16;
- No frauds were reported to the Committee during the year.

## **7. Legal Compliance**

To review minuted actions from all main Committees with the exception of the Planning Development Management and Licensing Committees (or Regulatory Committee) to ensure compliance with legal requirements and good practice. The Committee will not prevent any decision being taken and will only review a decision.

### **Summary of Activity**

- Reports to the Audit, Risk and Scrutiny Committee can cover matters relating to services across the Council. This provides the Committee with an opportunity to ensure that services are being delivered in accordance with the law, Council procedures and best practice; and
- The Audit, Risk and Scrutiny Committee receives information on a regular basis in respect of the Council's compliance with the Data Protection Act. This allows members to scrutinise performance in this area.

## **8. Health and Safety**

Approve the Council's Health & Safety Policy, including its annual review and implementation.

### **Summary of Activity**

- The Audit, Risk & Scrutiny Committee began to receive the minutes of each meeting of the Central Health and Safety Committee in August 2014 for consideration.

## 9. Arm's Length External Organisations (ALEOs)

The Committee will ensure, through consideration of a quarterly report from the governance hub, that each tier 1 Arm's Length External Organisation has an effective system of risk management in place, covering strategy, structure, skills, system, staff and shared values. The Committee will use this to determine the level of assurance it can place on the effectiveness of that system and its ability to achieve the organisational objectives.

### Summary of Activity

- The Committee commissioned and received a report from the Internal Auditor on the governance of the Council's ALEO's and included the determination of sources of assurance regarding risk management, internal controls and staff and information governance;
- The Committee received and considered minutes of the meetings of the ALEO Governance Hub held in June 2015 and minutes and a report of significant issues for Hub meetings held on December 2015.
- The Committee also instructed and received a report on progress with monitoring Tier 2 ALEOs including assurance on Service level Agreements.

### Outcomes

- The Committee's Annual Report in 2014/15 noted that "the Committee has not yet received full assurance that governance of ALEOs is effectively controlled". The Committee's scrutiny of the work of the ALEO Governance Hub has provided additional assurance that risks are controlled and this will continue in 2016/17.

## 10. Additional Reports

The Committee commissioned and received additional reports covering a number of areas, including:-

- Regular reports identifying any upheld complaints which had been considered by the Scottish Public Services Ombudsman;
- Regular reports on compliance with FOI and data Protection legislation, including breaches;
- A review of "Following the Public Pound" arrangements for Aberdeen International Youth Festival;
- Reports covering policy and compliance with Protecting Vulnerable Groups (PVG) requirements, both for Council employees and members, as well as for those operating Community Centres;
- Follow Up Actions stemming from the Transport Commissioner's review of Fleet Services;

- An audit by Food Standards Scotland;
- The Council's Public Performance Reporting arrangements.

## Membership of the Committee

The Audit, Risk & Scrutiny Committee is composed of 17 Members from across all parties. Members bring with them business experience of audit, risk management, health & safety, project management and relevant service and local governance knowledge. During the self-evaluation of the committee's effectiveness, Members and officers acknowledged the skills and knowledge of the Committee.

During 2015/16 training was delivered to all new members of the committee giving an overview of the role of the Committee and the member's role in this. Additional training packages were delivered to members:-

- The annual accounts process;
- Internal Audit;
- Risk Management.

### Attendance:

Member	Total Expected Attendances	Total Attendances	Nominated Substitute Attended
Cllr Jackie Dunbar Convener from June 2015	5	5	
Cllr Yuill Vice Convener	5	5	
Cllr Cameron	5	5	
Cllr Cooney	5	5	
Cllr Copland (from September 2015)	3	3	
Cllr Crockett	5	4	Cllr L Dunbar – Mar 16
Cllr Donnelly	5	3	Cllr Thomson – June 15
Cllr Flynn (from September 2015)	3	3	
Cllr Graham	5	4	Cllr Allan – Nov 15
Cllr Greig	5	5	
Cllr Hutchison (from November 2015)	2	2	
Cllr Lawrence	5	5	
Cllr Malik	5	4	Cllr Finlayson – June 15
Cllr May (Up to June 2015)	2	0	Cllr McGregor – June 15
Cllr Jean Morrison	5	5	
Cllr Nathan Morrison	5	3	Cllr Milne – Nov 15 Cllr Young – Mar 16
Cllr Noble (Up to September 2015)	3	3	
Cllr Reynolds	5	2	Cllr Young – Sept 15 & Nov 15 Cllr Carle – Mar 16
Cllr Townson	5	5	

## **Officer support to the Committee**

### The Chief Executive

The Chief Executive has taken a very active role in the development and support of the Committee over the last 12 months. She regularly attends the Committee and ensures that the Committee is effectively supported.

### The Section 95 Officer

Steve Whyte, Head of Finance, provides key support to the Committee. Statute requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 95 Officer, with the support of his colleagues and external audit, has provided reports and training in relation to the Annual Accounts, external audit activity and financial management. They have attended every Audit, Risk & Scrutiny Committee meeting and ensured that the Committee has received the information and advice that it needs to do its job effectively.

### Chief Internal Auditor

During 2015/16, the Chief Internal Auditor role has been undertaken by David Hughes, who manages a joint service with Aberdeenshire Council. David and his colleagues have attended each meeting of the Committee to present their reviews, answer members' questions and provide advice in relation to scrutiny and the regulatory framework. In addition, the Committee and the Council Corporate Management Team have commissioned additional investigations from David's team.

### Lead Executive Support

The lead executive support role for the Committee was performed by Martin Murchie, Office of the Chief Executive, until February 2016 when Richard Ellis the Interim Director of Corporate Governance took on the role.

### External Audit

Audit Scotland are the Council's appointed external auditors. The appointed auditor for the Council is Stephen Boyle and the local contact responsible for day to day management of the audit is Anne MacDonald. Their primary responsibility is to give their opinion on whether the Council's accounts give a true and fair view of the Council's financial transactions. Audit Scotland also deliver a targeted programme of risk based reviews and take the lead role in the Local Area Network, which determines the level and nature of external scrutiny which will be applied to the Council's services.

**Attendance:**

<b>Officer</b>	<b>Total Expected Attendances</b>	<b>Total Attendances</b>	<b>Nominated Substitute Attended</b>
Chief Executive	5	5	N/A
Steve Whyte	5	5	N/A
David Hughes	5	4	1
Anne Macdonald	5	5	N/A
Martin Murchie	5	5	N/A
Richard Ellis	2	2	N/A

## **Effectiveness review through self-evaluation**

In April / May 2015, the Committee undertook a facilitated self-evaluation of the Committee's effectiveness in line with Cipfa's "*Audit Committees: Practical Guidance for Local Authorities and Police*". This guidance includes a self-evaluation tool, which was used to assess the Committee's compliance with commonly agreed standards and to identify areas for improvement.

The Committee was found to have areas of strength, but a number of improvement actions were identified where the Committee considered best practice was not yet in place.

The self-evaluation exercise built on a previous exercise in 2014. Members and officers are agreed that significant progress was made during the year and that the Committee is well placed to further improve its effectiveness.

The output from the 2015 self-evaluation is included as Appendix A.

## **Next year's focus**

The Audit, Risk & Scrutiny Committee will continue to review and challenge the Council's arrangements with regards to risk management, corporate governance, internal and external audit and treasury management throughout 2016/17.

Amongst the issues which are likely to receive particular focus are:-

- The operation of the shared internal audit function with Aberdeenshire Council;
- The revised governance arrangements for the Council's Arm's Length External Organisations;
- Confirmation of scrutiny arrangements to be implemented with respect to integrated health and social care;
- Outputs from the Council's Governance Review;
- A revised strategic risk register, corporate operational risk register and operation of the system of risk management;
- The exercise of the Committee's responsibilities for Health and Safety;
- Follow up on the first Fraud Annual Report;
- The outcomes of the 2015 follow-up Best Value Audit and the new approach to Best Value being developed by the Accounts Commission;
- The transition to a new External Auditor.

**APPENDIX A**

<b>Question</b>	<b>Self-Evaluation Method &amp; Evidence</b>	<b>Response</b>	
<b>Establishment, Operation &amp; Duties Role &amp; Remit</b>		<b>Comments 2015 and 2016 Updates</b>	<b>Status</b>
1. Does the committee have written terms of reference?	Officers		✓
2. Do the terms of reference cover the core functions of a committee as identified in the CIPFA guidance?	Officers	Yes. The core functions are described as:- <ul style="list-style-type: none"> <li>• Annual Governance Statement;</li> <li>• Internal Audit;</li> <li>• Risk Management</li> <li>• Assurance Frameworks and Assurance Planning</li> <li>• Value for Money and Best Value;</li> <li>• Countering Fraud and Corruption</li> <li>• External Audit;</li> <li>• Financial Reporting;</li> <li>• Partnership Governance.</li> </ul>	✓
3. Are the terms of reference approved by the council and reviewed periodically?	Officers	These are approved by Council and reviewed periodically, but not in line with an agreed timetable.	✓
4. Has the committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	Officer Input & Interviews with Committee Members	Members agreed that the Committee did have the membership, authority and resources to perform and role, but raised questions on how the Committee would be supported to undertake its remit with respect to the Council's relationship with ALEOs; with significant shared services and nationally based partners, such as	✓

		Police Scotland.	
5. Can the committee access other committees and full council as necessary?	Officer Input & Interviews with Committee Members	During discussions members agreed there was a need for items identified by the Audit, Risk & Scrutiny Committee to be routinely and systematically reported to appropriate committees.	✓
6. Does the authority's annual governance statement include a description of the committee's establishment and activities?	Officers	Yes. This was added in 2014.	✓
7. Does the committee periodically review its own effectiveness?	Officers	Yes, through this self-evaluation.	✓
8. Does the committee make a formal annual report on its work and performance during the year to full council?	Officers	Yes	✓
<b>Membership, Induction &amp; Training</b>			
9. Has the membership of the committee been formally agreed and a quorum set?	Officers		✓
10. Is the chair independent of the executive function?	Officers		✓
11. Has the committee chair either previous knowledge of, or received appropriate training, on financial and risk management, accounting concepts and standards, and the regulatory regime?	Interview with Convenor and Vice Convenor	Training has been given and knowledge acquired. It is acknowledged that this is, and requires to be, a continual process.	✓
12. Are new committee members provided with an appropriate induction?	Officer Input & Interviews with Committee Members	Training for members of the Committee has been significantly increased and improved in the last year.	✓
13. Have all members' skills and experiences been assessed and training given for identified gaps?	Officer Input & Interviews with Committee Members	Organisational Development advise that 1-2-1 sessions have been made available for members. Members' feedback during this self-evaluation process was that take up has been slow.	X
14. Has each member declared his or her business interests?	Officer Input & Interviews with Committee	The Council's process for declaring interests and the advice of officers is consistent.	✓

	Members		
15. Are members sufficiently independent of the other key committees of the council?	Interviews with Committee Members	Members believe that recent training has reinforced the distinct role of members of the Committee and that behaviours reflect this.	✓
<b>Meetings</b>			
16. Does the committee meet regularly?	Officers		✓
17. Do the terms of reference set out the frequency of meetings?	Officers	No, but an 18 month schedule is reported to Council.	X
18. Does the committee calendar meet the authority's business needs, governance needs and the financial calendar?	Officer Input & Interviews with Committee Members	Yes. Greater planning was introduced during 2014 to ensure this is systematic.	✓
19. Are members attending meetings on a regular basis and if not, is appropriate action taken?	Officers	Details are provided in the annual report above.	-
20. Are meetings free and open without political influences being displayed?	Interviews with Committee Members	Members reflected that there has been a reduction in adversarial behaviours and that the Committee acts more as a team.	✓
21. Does the Chief Financial Officer or deputy attend all meetings?	Officers		✓
22. Does the committee have the benefit of attendance of appropriate officers at its meetings?	Officer Input & Interviews with Committee Members	Mostly. Improvement has been evident during 2014/15, but members identified occasions when the appropriate officers had not been present.	-
<b>Internal Control</b>			
23. Does the committee consider the findings of the annual review of the effectiveness of the system of internal control including the review of the effectiveness of the system of internal audit?	Officers		✓
24. Does the committee have responsibility for review and approval of the Annual Governance Statement and does it consider it separately	Officers	Yes.	✓

from the accounts?			
25. Does the committee consider how meaningful the Annual Governance Statement is?	Officer Input & Interviews with Committee Members	Members reflected that meaningful consideration had been given to the AGS, as part of the Annual Accounts, but there is some lack of clarity about these as separate documents.	-
26. Does the committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	Officers	The Committee receives assurance through the statement of internal control and the individual audit reviews.	✓
27. Has the committee considered how it integrates with other committees that may have responsibility for risk management?	Officer Input & Interviews with Committee Members	Yes. The system of risk management explores this and members have been trained on their role re risk management.	✓
28. Has the committee or the full council adopted managing the risk of fraud – actions to counter fraud and corruption?	Officers		✓
29. Does the committee ensure that actions to counter fraud and corruption are being implemented?	Officer Input & Interviews with Committee Members	There have been relatively recent audits on the arrangements for the detection and prevention of fraud and agreed recommendations are followed up. An action outstanding for officers to report annually on arrangements for the prevention and detection of fraud.	✓
30. Is the committee made aware of the role of risk management in the preparation of the annual internal audit plan?	Officers		✓
31. Does the committee review the authority's strategic risk register at least annually?	Officers		✓
32. Does the committee monitor how the authority assesses its risk?	Officer Input & Interviews with Committee Members	This is now more systematically reported through analysis of the system of risk management.	✓
33. Do the committee's terms of reference include oversight of the risk	Officers		✓

management process?			
<b>Financial Reporting &amp; Regulatory Matters</b>			
34. Is the committee's role in the consideration and / or approval of the annual accounts clearly defined?	Officers	The Committee's role is to consider the unaudited annual accounts and to authorise the audited annual accounts for signature.	-
35. Does the committee consider specifically: <ul style="list-style-type: none"> <li>• the suitability of accounting policies and treatments</li> <li>• major judgements made</li> <li>• large write offs</li> <li>• changes in accounting treatment</li> <li>• the reasonableness of accounting estimates</li> <li>• the narrative aspects of reporting</li> </ul>	Officers	These are included within the annual accounts.	✓
36. Is a committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?	Officers	The Committee meetings are scheduled for this purpose. The report to "those charged with governance" is included in the reporting schedule.	✓
37. Does the committee review management's letter of representation?	Officers	This was done for the 2014/15 annual accounts.	✓
38. Does the committee annually review the accounting policies of the authority?	Officers	Not explicitly, although these are referred to within reporting on the annual accounts and members have the opportunity to ask questions.	-
39. Does the committee gain an understanding of management's procedures for preparing the authority's annual accounts?	Interviews with Committee Members	The Accounting Manager reports to the Committee advising of the arrangements for preparation of the accounts.	✓
40. Does the committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?	Officer Input & Interviews with Committee Members	Nationally reports are now reported when published. The Information Bulletin exists for other issues. Whilst this is not actively used, members did not feel that significant issues were not being	✓

		reported.	
<b>Internal Audit</b>			
41. Does the committee approve annually and in detail the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	Officers		✓
42. Does internal audit have an appropriate reporting line to the audit committee?	Officers		✓
43. Does the committee receive periodic reports from the internal audit service including an annual report from the head of internal audit?	Officers		✓
44. Are follow up audits by internal audit monitored by the committee and does the audit committee consider the adequacy of implementation of recommendations?	Officers	Follow up on agreed recommendations are undertaken and reported by Internal Audit.	✓
45. Does the committee hold periodic private discussions with the head of internal audit?	Officers	Yes, this was done for the first time during 2014/15.	✓
46. Is there appropriate co-operation between internal and external auditors?	Officers	Both the Head of Internal Audit and the lead auditor from External Audit reported that there was appropriate co-operation.	✓
47. Does the committee review the adequacy of internal audit staffing and other resources?	Officers	The Committee receives performance metrics which cover key aspects of the internal audit process.	✓
48. Has the committee evaluated whether its internal audit service complies with the CIPFA code of practice for internal audit in local government in the UK?	Officers	The Committee has not formally considered this, but External audit give assurances on internal audit each year as part of their annual audit plan and annual audit report.	X
49. Are internal audit performance measures monitored by the audit committee?	Officers	Yes.	✓
50. Has the audit committee considered the information it wishes to receive from internal audit?	Interviews with Committee Members	Members expressed a desire to meet in early course with the Head of Internal Audit to discuss the reporting needs of	✓

		the Committee.	
<b>External Audit</b>			
51. Do the external auditors present and discuss their audit plans and strategy with the committee (recognising the statutory duties of external audit)?	Officers		✓
52. Does the committee hold private periodic discussions with the external auditor?	Officers		✓
53. Does the committee review the external auditor's annual report to those charged with governance?	Officers		✓
54. Does the committee ensure that officers are monitoring action taken to implement external audit recommendations?	Officers		✓
55. Are reports on the work of external audit and other inspection agencies presented to audit committee?	Officers		✓
56. Does the committee assess the performance of external audit?	Officers	External Audit report regularly on the status of their agreed annual plan. In addition, Audit Scotland request councils to complete a questionnaire on the performance of the auditor every 2-3 years.	✓
57. Does the committee consider and approve the external audit fee?	Officers		✓
<b>Administration Agenda Management</b>			
58. Does the committee have a designated secretary from committee / member services?	Officers		✓
59. Are agenda papers circulated in advance of meetings to allow adequate preparation by committee members?	Officers		✓
60. Are outline agendas planned one year ahead to cover issues on a cyclical basis?	Officers	Agendas are now planned 3 cycles in advance. Outstanding issues remain in the business statement until discharged.	-
61. Are inputs for any other business formally requested in advance from committee members, relevant officers, internal and external	Officers	There is no "Other Business" mechanism other than raising a motion. However,	-

audit?		an informal session is now held at the conclusion of each Committee meeting for members and officers to raise any issues which are pertinent to the business of the committee.	
<b>Papers</b>			
62. Do reports to the committee communicate relevant information at the right frequency, time and in a format that is effective?	Interviews with Committee Members	Members were, on the whole, content but there was some discussion on the length of some reports.	✓
63. Does the committee issue guidelines and / or a proforma concerning the format and content of the papers to be presented?	Officers	Both internal and external audit have their own formats.	✓
<b>Actions Arising</b>			
64. Are minutes prepared and circulated promptly to the appropriate people?	Officers		✓
65. Is a report on matters arising made and minuted at the committee's next meeting?	Officers		✓
66. Do action points indicate who is to perform what and by when?	Officers	Whilst the minute does not always include dates, the Business Statement does.	✓

## APPENDIX B

Title of Report	Lead Officer	11 <sup>th</sup> May 2015	25 <sup>th</sup> Jun 2015	29 <sup>th</sup> Sept 2015	26 <sup>th</sup> Nov 2015	9 <sup>th</sup> March 2016
<b>Risk Management</b>						
System of Risk Management (Staff)	N Buck	✓				
Risk Register – Corporate Governance	N Buck		✓			
Risk Register – Communities, Housing & Infrastructure	P Leonard	✓				
Risk Register – Shadow IJB	J Proctor			✓		
Risk Management – Review of Procedures	D Hughes				✓	
<b>Internal Audit</b>						
Supply & Delivery of Internal Audit Services	M Murchie					
Internal Audit Progress Report & Performance	PWC / D Hughes	✓		✓	✓	✓
Internal Audit Follow Up	PWC	✓	✓	✓	✓	✓
Internal Audit Annual Report	PWC		✓			
Internal Audit Plan 2016/17	D Hughes					✓
Fleet Asset Verification	PWC	✓				
Corporate Landlord Responsibilities (Asset Management)	PWC	✓				
Library Services Self-Service Machines	PWC	✓				
Policy and Procedures Development	PWC	✓				
Procurement in Construction	PWC	✓				
Section 75 Planning	PWC	✓				
Continuous Financial Controls Programme	PWC		✓			
Pension Fund Financial Controls	PWC		✓			
Compliance with Public Sector Records (Scotland) Act - Phase 2	PWC		✓			
Management Information ICT	PWC		✓			
Roads Construction Consent	PWC		✓			
Fleet Management Governance	PWC		✓			
Health & Social Care Integration	D Hughes			✓		✓
Council Tax Billing	D Hughes			✓		
Housing – Rent Assessment	D Hughes			✓	✓	
Creditors System	D Hughes				✓	
Payroll System	D Hughes				✓	
Craft Workers Terms & Conditions	D Hughes				✓	
Payment Controls in Children’s Social Work	D Hughes					✓
Council Tax	D Hughes					✓

Crematorium	D Hughes					✓
Sheltered Housing	D Hughes					✓
Trade Waste	D Hughes					✓
Recruitment Procedures	D Hughes					✓
Time Sheets	D Hughes					✓
<b>External Audit (Non-Accounts)</b>						
Aberdeen Local Scrutiny Plan and National Scrutiny Plan	S Boyle		✓			✓
External Audit – Outstanding Recommendations	A MacDonald		✓		✓	✓
External Audit Progress & Performance	A MacDonald		✓	✓	✓	✓
External Audit Plan 2015/16	A MacDonald		✓			✓
Audit of Housing Benefit	A MacDonald				✓	
Review of ICT Service	A MacDonald		✓			
<b>Other External Inspection &amp; Regulation</b>						
Public Performance Reporting Assessment	T Sulaiman			✓		
Food Standards Scotland Core Audit	P Leonard				✓	
Transport Commissioner – Fleet Follow Up	M Riley	✓				
<b>Annual Accounts</b>						
Interim Report on the 2014/15 Audit	A MacDonald		✓			
Annual Report to Members and the Controller of Audit on the 2014/15 Audit	A MacDonald			✓		
Unaudited of Accounts & Annual Governance Statement	S Whyte		✓			
Audited Annual Accounts 2014/15	S Whyte				✓	
Annual Accounts 2015/16 – Action Plan and Key Dates	S Whyte					✓
<b>ALEO Governance</b>						
Aleo Governance Hub Minutes 15/6 & 17/6	R MacBeath		✓			
Aleo Governance Hub – Minutes and Significant Issues	R MacBeath					✓
Aleo Tier 2 Review	R MacBeath		✓			
ALEOs – Internal Audit Review	D Hughes					✓
<b>Audit Scotland – National Reports</b>						
Borrowing and Treasury Management	M Murchie	✓				
An Overview of Local Government in Scotland 2015	M Murchie	✓				✓
Update on Developing Financial Reporting	M Murchie	✓				
Scotland’s Public Sector Workforce – Impact Report	M Murchie					
<b>Health &amp; Safety</b>						
Minute of Meeting of the Corporate Health & Safety Committee of:- - 20 <sup>th</sup> February 2015	K Rennie		✓			

- 22 <sup>nd</sup> May 2015					✓	
- 28 <sup>th</sup> August 2015						✓
- 27 <sup>th</sup> November 2015						✓
<b>Fraud, Corruption, Bribery and Whistleblowing</b>						
Matters Under Investigation	M Murchie			✓		✓
Whistleblowing Policy – Scottish Parliament Petition	R MacBeath	✓				
Policy and Strategic Response to Fraud, Bribery and Corruption	S Whyte				✓	
Window Replacements	D Hughes				✓	✓
<b>Committee Development</b>						
Committee Annual Report	M Murchie		✓			
Self-Evaluation of the Committee	M Murchie	✓				
Elected Member Development	Director of CG				✓	
<b>Other Reports</b>						
Transfer of Site, Langdykes Road (Referral from FP&R) Committee	D Hughes		✓		✓	
Deduction of PAYE From Office Holders	Director of CG			✓		
Aberdeen International Youth Festival – Following the Public Pound	Director of CG			✓		
Data Protection Monitoring	Director of CG		✓	✓	✓	
Protecting Vulnerable Groups (PVG) Scheme	Director of CG				✓	
Protecting Vulnerable Groups (PVG) Checks – Community centres	J Mackie				✓	
Leased Community Centres	J Mackie					✓
Scottish Public Services Ombudsman (SPSO) Complaint Decisions	L McKenzie				✓	✓

\* Late paper.